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FBIS-LAT-94-023 *3 February 1994*

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Cuba

Qatari Foreign Minister To Visit Havana 4 Feb

FL0302025494 Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 94

[Text] Qatari Foreign Minister Hamad Bin-Jasin Bin-Jabbur Al Thani will visit Havana on Friday, 4 February, at the invitation of Cuban Foreign Minister Roberto Robaina Gonzalez. The Qatari foreign minister will be accompanied by a broad delegation made up of representatives from the Foreign Ministry; the Energy and Industry Ministry; the Finance, Economy and Trade Ministry; and leaders from institutions of the industrial and service areas.

During their stay in Cuba, the Qatari delegation will hold meetings with government leaders and will visit places of commercial, economic, touristic, and historical interest.

Lage Scheduled To Meet With Brazil's President Franco

FL0202164394

[Editorial Report] Havana Radio Reloj Network in Spanish at 1516 GMT on 2 February reports that Carlos Lage, executive secretary of the Council of Ministers, arrived today at Sao Paulo International Airport from Venezuela. Lage will travel to Brasilia on 3 February where he will meet with President Itamar Franco, Foreign Minister Celso Amorim, Health Minister Henrique Santillo, and businessmen.

Lage met with Sao Paulo Governor (Luis Antonio Frauri Fillo) and will tour industrial and agricultural facilities. Lage is accompanied by Roberto Rivas, director for Latin America of the State Committee for Economic Cooperation, and Lage's personal adviser, Ernesto Santi. At the airport the Cuban delegation was greeted by local officials, Cuban Ambassador Jorge Bolanos, and businessmen.

Reloj closes the item by stressing that Lage's trip is receiving extensive coverage in the Brazilian media. Acording to the newspaper O GLOBO, the trip demonstrates the good ties between Havana and Brasilia. The JORNAL DO BRASIL publishes Lage's agenda in Brazil, stressing that Cuba and Brazil maintain growing economic cooperation, and predicts success for Lage's trip.

Lage Stops in Venezuela on Way to Brazil

FL0202145594 Havana Radio Progreso Network in Spanish 1200 GMT 2 Feb 94

[Text] In Caracas on 1 February, Cuban Vice President Carlos Lage [title as heard] expressed his confidence that our country's relations with Venezuela will continue to develop under Rafael Caldera's government. Caldera takes office as president of Venezuela today.

Lage, who is on his way to Brazil, spent a few hours in Caracas, where he met with current Foreign Minister Fernando Ochoa Antich and with Venezuelan businessmen. Lage told journalists this is a good moment for the ties between the two nations and said he had reason to expect these ties to continue to develop, because the Cuban and Venezuelan peoples are very much alike.

Ricardo Alarcon Grants Interview From Germany

FL0302025294 Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 94

[Interview with Ricardo Alarcon de Quesada, President of the Cuban National Assembly of the People's Government, from Bonn, by reporter Mejias—live]

[Text] [Mejias] Good evening, Comrade Ricardo Alarcon. I am speaking to you from Havana, Cuba.

[Alarcon] Good evening, Comrade Mejias.

[Mejias] Well, we would like to learn something about the results of these first three working days in Germany and about the various activities you have been carrying out there.

[Alarcon] By all means. In fact, I am here at the embassy for a meeting with the chairman of the federal parliament. This is the first meeting we held with her, but tomorrow we are going to meet again in the morning. Representatives from all German political parties participated in this meeting tonight, including congressmen, representatives from the Foreign Ministry, from the research center, and from the cooperative development program.

[Mejias] Comrade Alarcon, have you talked about the possibility of increasing trade and the possibility of German investments in our country?

[Alarcon] Yes. I also wish to stress the fact that the German minister was already waiting for our visit, and that we were treated in a warm and friendly manner. The German people are also aware of our visit due to the broad coverage of the meetings. Germany is today the second country in the world and the first in Europe as to number of tourists visiting our country. There are also, as you know, some German investors who are participating in the construction of hotels in our country. There are some prospects as well for joint ventures with German companies in the pharmaceutical area. The talks also touched upon other areas of cooperation. These were the main subjects we discussed today with members of the Foreign Ministry. The legal instruments that would facilitate and promote German investments in our country are being discussed, and we are also discussing economic cooperation.

[Mejias] Thank you very much, Comrade Ricardo Alarcon de Quesada for these exclusive remarks for Radio Rebelde.

[Alarcon] Thank you, Mejias, and greetings to all.

[Mejias] Greetings to you as well.

New Full-Service International Trade Bank Opens

FL0202150094 Havana Radio Progreso Network in Spanish 1200 GMT 2 Feb 94

[Text] A new Cuban bank is now operating in this capital. The International Trade Bank, Incorporated [Banco Internacional de Comercio, S.A.], was opened to provide services to industrial and commercial clients, as well as to the general public.

Jose (Faz), president of the bank, said that the operating permit granted embraces all kinds of operations, although the bank is interested in developing trade in merchandise, services, and currencies. Importance is also given to checking account services and safe-deposit boxes, which are in great demand by the general public.

German Airline Announces Possible Joint Venture

FL0202161994 Havana Radio Progreso Network in Spanish 1200 GMT 2 Feb 94

[Text] LTU President Hans Joachim Driessen has announced that the German charter airline is going to study the possibility, with Cubanacan S.A., of forming a mixed civil aviation enterprise by 1995-96. The German businessman also offered to collaborate in promotions and advertising encouraging German tourist travel to Cuba. Another aspect is the possibility of increasing the German airline's flights from Dusseldorf to Cuba; nor did Driessen discard the idea of cruise ships.

Biotechnological Cooperation Agreements Signed With PRC

FL0202195694 Havana Radio Rebelde Network in Spanish 1800 GMT 2 Feb 94

[Text] The involvement of Cuban organizations in exporting Chinese medical products to Latin America is imminent. This was stated in Beijing by participants in a joint meeting on cooperation in the sphere of medical products and biotechnology. This intention is expressed in one of the five accords that were signed by the two countries on 2 February. Another two accords were signed on 1 February.

Jose Luis Fernandez, head of the Cuban delegation to this bilateral conference in Beijing, also stated that this cooperation will result in the creation of new Cuba-PRC joint enterprises in the medical and biotechnology sphere. In the specific case of the Cuban Immunology Testing Center, one of the agreements signed includes plans to produce biotechnological equipment and reactives.

Cuban-Japanese Sports Cooperation Discussed

FL0202195494 Havana Radio Progreso Network in Spanish 1200 GMT 2 Feb 94

[Excerpt] We talked to National Baseball Commissioner (Domingo Sabala), who leaves for Japan tomorrow. We are going to hear an excerpt of our conversation. Our first question to him was: What are the fundamental objectives of this trip?

[Begin (Sabala) recording] The fundamental objectives of the trip are to analyze with the Japanese Amateur Federation the 1994 agreement it has with Cuba, which is a very broad agreement. We (?plan to go there, in) June, with amateurs and professionals, with our team. And (?we will be in Japan again) in September-October, with professional teams.

There are plans for Japan to come to Cuba in February, with the national team, and a university team from Sendai to come to Cuba, in February. They are also interested in [words indistinct] Cuban technicians to work with their university team; and there is also a juvenile program established, for youths 16-18 years of age from the Cuban team to go to Japan for 15 days beginning in 1994—because there is an annual plan for the relations between our teams for the youth world championship.

These are, broadly speaking, the things that we are going to discuss in Japan, and from that will emerge other talks. They want exchanges with our technicians, which are taking place now. Pedro Medina and Calzadilla will be traveling with me. They are going to work with the Dragons, in (Denagoya); the following week, Miguelito and Chinea from Villa Clara will go to work with the Tokyo Giants [words indistinct] give some 15-day courses, for our improvement. And they are also interested in learning the technical (?elements) of our baseball. (end recording) [passage omitted]

Health Care Agreement Signed With Misiones, Argentina

FL0202172594 Havana Radio Rebelde Network in Spanish 1200 GMT 2 Feb 94

[Text] On 1 February, Cuba and the Argentine province of Misiones reached agreement on a compensated exchange of products and established formulas for putting this mutually beneficial collaboration into practice. Misiones Province Governor Federico Ramon Puerta and Acting Foreign Trade Minister German Amado Blanco signed the document, which will strengthen economic ties between the two nations.

The agreement proposes that Misiones Province send our island mainly lumber and paper, while Cuba would supply certain medicines, medical advice [asesoria], and specialized health services. Morever, according to what was learned at the signing of the cooperation agreement in Havana, a group of Cuban physicians will provide technical assistance in developing a primary health care program in Misiones Province. The agreement calls for a team of four experts in general medicine, a nurse, and a dentist to go to Misiones within the next few months to act as consultants in applying their Family Doctor Program experience to local conditions in Misiones.

PCC, UJC Report 'Significant' Membership Growth in 1993

FL0202163594 Havana Radio Reloj Network in Spanish 1502 GMT 2 Feb 94

[Text] On 2 February, the newspaper GRANMA reports that the ranks of the Communist Party of Cuba [PCC] and the Union of Young Communists [UJC] experienced a significant increase in 1993 while maintaining their selective and vanguard nature. The newspaper adds that approximately 50,000 people joined the PCC and approximately 80,000 youths joined the UJC while the attrition rates remained at the level of the past 15 years. The growth in the PCC ranks represents a important political process, particularly in light of the broad participation of the people on the outstanding workers' assemblies. [as heard] The

PCC needs to increase its under-30 membership in order to include the views of the young.

Pedro Ross Discusses Worker Contributions to Efficiency

FL0202161694

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1255 GMT on 2 February, during its "Doing Radio" program, features an 18-minute roundtable conversation with Politburo member Pedro Ross Leal, secretary general of the Cuban Workers Federation.

The program hosts introduce Ross for what they label a Radio Assembly of the Cuban People. The hosts stress that the workers' assemblies are not a passing notion but a mass movement that includes over 3 million workers and now students, according to recent statements by Juan Contino, first secretary of the Union of Young Communists.

Ross says: "I believe it is one of the most important, relevant political events of all time because no other country, ever, has conducted a workers' assembly to discuss national problems, particularly when the country is facing such a complex, difficult situation. It is precisely the workers' suggestions, their ideas, that become the basis for decisions. It is not a matter of conducting a parliamentary exercise. The goal is to conduct a true parliamentary operation to make decisions, suggest ideas, and promote action. We are gathering everything being said. There is even a computer program to store all the opinions and suggestions offered."

Ross adds that the 1 million retirees in Cuba can join former workplaces to participate in the assemblies. Ross reiterates that management's reports to the assemblies must be clear, concise, and to the point, noting the exemplary report presented by the manager of La Corona Cigar Factory at its ongoing assembly.

At this point, Ciego de Avila correspondent Fernando Sanchez states that approximately 120,000 workers will participate in the provincial workers' assemblies which began 1 February. Sanchez says that Ciego de Avila's Central Construction Enterprise workers called for increasing efficiency and cost reduction and discussed excess currency, unjustified sick leaves, confiscation of the money of the so-called macetas, and the need to increase production by increasing efficiency in the commerce and food industries. Santiago de Cuba correspondent Carlos Zanabria praises the concept of the workers' assembly as brilliant. When Ross interjects that it was President Fidel Castro's idea, Zanabria adds: "Brilliant, as is every idea of our commander in chief who has always helped us overcome highly complex national difficulties and thus enjoys such extraordinary admiration and the unlimited trust of the Cuban people." Zanabria stresses the need to make profits by producing with quality and efficiency, following the collapse of the socialist markets.

Ross announces that on 10 February he will be at Palma Soriano's Abel Santa Maria Printing Enterprise in Santiago de Cuba Province because it is an outstanding example of how production and workers' efforts can be realigned. This industry has sought ways of employing workers usefully instead of releasing them from their posts; it has also added surplus workers from other workplaces to its personnel roster.

Ross tells La Corona workers that he will visit the factory later in the day to discuss their efficiency and the issue of the 1 million cigars not produced. In response of a question by the host, Ross notes that "the workers' main suggestions have to do with increasing efficiency in the workplace" and gives examples of effective implementation of suggestions at the National Hospital, the Regla Fish Distribution Center, cigar factories, and the Finlay Research Institute.

Pedro Ross adds that the key is efficiency, citing the sphere of sports, which is contributing to the economy in addition to having become self-financing. He has visited a milk complex that is producing a good quality soy yogurt through its workers' efforts. Those workers discussed at length how to make the most of available resources. Ross notes that the next phase of the process is management's response and stresses that the measures implemented will result from the workers' suggestions.

Ross says he has refrained from offering ideas in order not to influence worker opinions, which he wants to come directly from them: "We want the workers to assume their roles as parliamentarians, as leaders of the country, and to determine the solutions to the problems we have."

Ross goes on to say that the workers are being highly responsible in pointing the finger at those who hamper efforts, as well as at the bureaucratic tangle in many sectors that is obstructing efforts to move ahead: "I have heard this in all 12 assemblies in which I have participated: Our superstructure inhibits production and service efforts."

The host stresses that the workers can trust that whatever economic measures are taken will most benefit the country while least affecting the people. Ross agrees, thanks the hosts, and adds that he may appear on the program again after visiting Camaguey and Santiago de Cuba next week.

Inter-Caribbean Affairs

CDB Considering Support Program for Banana Producers

FL0202132794 Bridgetown CANA in English 2155 GMT 1 Feb 94

[Report by Richard Cox]

[Text] Bridgetown, Barbados, 1 Feb, CANA—Banana producers among borrowing member countries (BMCs) of the Caribbean Development Bank (CDB) may be in line for some financial assistance to improve their competitiveness, according to CDB vice-president in charge of operations, Marius St Rose.

St Rose, speaking Tuesday at a news conference at the Barbados-based regional institution, said a programme is being developed to improve the competitiveness of the banana industry to ensure continued access to vital markets.

The vice-president said the CDB was considering a 160 million dollar (one EC dollar; 37 cents US) support programme, to be pursued over a three to four-year period. The intention is to improve the quality of bananas and reduce the cost of production by about 20 to 25 per cent.

"As it now stands," St Rose said, "even though the Windward Islands have ... preferential access (to the European market), they are one of the highest cost producers and if something is not done to reduce those costs, they are going to lose the market."

As far as the CDB is concerned, the cost reduction should occur at three levels: the level of the farmer, the level of the growers' association, and the level of the distributor.

At present, for each dollar earned from bananas, the farmer gets about 30 cents, the association gets about 30 to 35 cents, and the distributor, Geest Industries, gets another 35 cents.

St Rose told reporters governments of the Windward Islands met last Saturday to discuss the programme. The European Union is expected to join CDB in financing the proposed programme.

This comes at a time when the Caribbean banana industry is adversely affected by a number of factors, principal among which is the depreciation of the pound sterling.

Moreover, as CDB President Sir Neville Nicholls pointed out, "uncertainty about the future deepened as a result of significant changes in the arrangements for marketing caribbean bananas in the European Union."

Sir Neville said this uncertainty had induced strong competition through increased access for lower-cost Latin American or dollar area bananas. He added it would eventually result in the phasing out of preferential access to Europe for the banana-producing countries in the Caribbean, Africa and the Pacific.

Haiti

Senate Ad Hoc Office To Sign, Seal Official Documents

FL0202225894 Port-au-Prince Signal FM Radio in French 1130 GMT 1 Feb 94

[Text] Given the voluntary abstentions by President Firmin Jean-Louis and Vice President Serge Joseph, the ad hoc office of the Senate, formed in compliance with the Constitution and the internal rules of the Senate, hastens to inform the concerned institutions and the entire Haitian nation that since Tuesday, 11 January, he has been holding regular sessions at the Legislative Palace to take care of the business of the Republic during these grave, difficult times for the Haitian people. Consequently, any decisions and parliamentary actions resulting from these deliberations, duly signed by the first secretary, Senator Ebrane Cadet, will bear the seal of the Senate of the Republic for full and complete effect, states the press release signed by Ebrane Cadet.

Jean-Louis Denounces 18 Jan Parliamentarians

FL0302001494 Port-au-Prince Signal FM Radio in French 1130 GMT 2 Feb 94

[Excerpts] Senator Firmin Jean-Louis, president of the Senate, met with the press on 1 February about the crisis situation that is shaking the Senate. Jean-Louis denounced occupation of the Senate seats by the 18 January parliamentarians, protesting that their presence in the Upper Chamber is prejudicial to its proper functioning. The following is a report by Daly Valet.

[Begin recording, in Creole] [Valet] Whereas everybody would like to see the national institutions become strong so they can work to resolve all the problems caused the country by the 30 hurricane [as heard]. The Senate of the Republic finds itself in a garden full of bears without the prospect of a solution. Before that, there was the phenomenon of abnormality. Then there was the August 1993 normalization that allowed the election of Firmin Jean-Louis as Senate President and the ratification of Robert Malval as prime minister. Today, what is being observed is denormalization. All the changes in the Senate office have failed. The cause of all these problems is the 18 January parliamentarians who many legitimate parliamentarians consider a blight bequeathed to the country by the de facto Marc Bazin government. According to some senators, Bazin, who was in charge of resolving the country's crisis, further complicated it with the 18 January elections. The crisis has recently reached a new turning point with the ad hoc office set up by Ebrane Cadet, which parallels the office of Firmin Jean-Louis. This office includes some 18 January parliamentarians. What is being done in the Senate is illegal; there are no sessions; the 18 January parliamentarians have occupied the Senate. This is a statement by Firmin Jean-Louis, who added that Sen. Ebrane Cadet has assured him that there is no second office in the Senate.

[Jean-Louis] The places have been occupied by the controversial 18 January parliamentarians. The seats have been filled by Sen. Cadet who pretends to be conducting sessions. But he has told me in letters he has written me and in all his contacts with me that there is only one office, the one presided over by us. The senator himself said so. [passage omitted]

[Valet] What is being said and what is being done are two different things. Everybody can see that the ad hoc office of Ebrane Cadet, which is occupied by the 18 January parliamentarians, is gaining ground in the Senate. They voted resolutions, are preparing other resolution projects, are making statement after statement, and are holding meetings after meetings. Firmin Jean-Louis protested and stated that this de facto situation has blocked the Senate in its constitutional work. [passage omitted]

As for the question of parliament's dissolution, the Senate president said he does not take this matter seriously. The senator said the parliament could be dissolved only by another coup d'etat or if the men, the powerful men, decided to kill all parliamentarians. [passage omitted]

We must inform you that while the 18 January parliamentarians occupy the session room of the Senate with Ebrane Cadet and other Alliance for Parliamentary Cohesion parliamentarians, Firmin Jean-Louis holds formal meetings in his office. located at the former premises of the National Office of Tourism from time to time with the other senators who remain faithful to him. Daly Valet for Signal FM. [end recording]

Dupiton Reacts to Accusations in Izmery Assassination

FL0202235094 Port-au-Prince Radio Metropole in French 1145 GMT 2 Feb 94

[Text] Senator Thomas Eddy Dupiton objects to charges implicating him in the murder of businessman Antoine Izmery. The legislator has asked the people in charge of the civilian mission in Haiti for clarification of the article in the weekly magazine, JEUNE AFRIQUE, which quotes the United Nations [UN] regarding this case:

[Begin recording] [Dupiton] Everytime there is a question of change in the Senate of the Republic, these kinds of attacks arise against Sen. Dupiton. However, this case arises at the right time. This is going to show you on what level these people who are acting can benefit from the complicity of the international community. Since it was published about a month ago, the UN must have known that something was published in JEUNE AFRIQUE mentioning a UN report. It was only yesterday that I saw this article. That is perhaps why reactions came from the Senate. But the UN was aware of this. It has even been said that articles were commissioned and that these gentlemen distributed those articles. I am speaking of those who have an interest in disseminating this message.

[Unidentified reporter] Do you think it is a plot against you?

[Dupiton] It is a huge plot, not only against me, but against the country, since the police have been put into action. If the police do their work, they must, based on this UN report, investigate the matter, if the UN sources are verified. It is therefore a huge plot against the institutions in charge of this country. [end recording]

[Announcer] That was Sen. Thomas Eddy Dupiton. It should be pointed out that according to the article in the weekly magazine, JEUNE AFRIQUE, Sen. Dupiton had taken in the murderers of Antoine Izmery on the eve of the 18 September crime.

Gilles Claims Embargo Has Multiplied Misery

FL0202233194 Port-au-Prince Radio Metropole in French 1700 GMT 2 Feb 94

[Text] The leader of PANPRA [National, Progressive Revolutionary Party of Haiti] Serge Gilles reiterated his opposition to the worsening of the sanctions against Haiti.

Serge Gilles today expressed opposition to the sanctions on Haiti in the form of a total embargo, said that he considered it an erroneous approach by the international community that will only aggravate the sufferings of the people. In a statement to the Agence France-Presse, Gilles pointed out that based on what he saw within the country, the suffering of the people was increasing dramatically.

The embargo did not create the structural misery in Haiti, he said, but it has multiplied this misery six or seven times. The increase in the rate of child mortality and the destruction of production capacity are palpable facts, Serge Gilles pointed out, adding that those who are motivated by those sanctions are doing well at the expense of the people. Mr. Gilles advocated the search for a consensus through a national conference, excluding no one, with a view toward forming first a government of national concord.

It should be recalled, according to some independent humanitarian religious sources, that the embargo against Haiti, imposed in October 1991, has caused the deaths of more than 10,000 people in vulnerable groups, mostly children and the elderly.

Employer Comments on Ongoing Meeting With Unions

FL0202225794 Port-au-Prince Signal FM Radio in French 1130 GMT 2 Feb 94

[Text] The first meeting between employers and unions took place on 1 February. Nothing has leaked out of this meeting, but the topics to be discussed were the following: salaries, employees, and a final solution to the crisis. The members of the private sector who had participated in this meeting said the discussions were constructive. Bernard Craan reaffirmed that the objective of the movement by employers' associations is the lifting of the embargo.

[Begin recording] I believe that what we employers are doing is a rational step. We are just expressing our exasperation, and saying aloud what everybody has been saying in a quiet voice. It is time for the protagonists of this crisis to sit, think, and find the solution the country needs so this embargo can eventually be lifted and so we can again begin working normally toward the establishment of a fair society and a state of order.

I think I am just saying what everybody else is thinking. I do not see why I should be afraid. We have made contact, we keep making contact, but the results of thr contacts cannot be disclosed until they have been completed. We cannot unveil our strategy and say what we are going to do and how we are going to do it. It would be thoughtless on our part. [end recording]

It should be recalled that a second meeting between the employers' sector and the labor union sector is scheduled for today.

Jamaica

Government Announces Measures To Boost Economy

FL0202225994 Bridgetown CANA in English 1959 GMT 2 Feb 94

[Report by Garfield Myers]

[Text] Kingston, Jamaica, 2 Feb, CANA—An increase in the number of foreign exchange dealers, a 25-million U.S. dollar bond issue, and differential interest rates are among new measures announced by the Jamaica Government to stabilise the local dollar and boost the troubled economy. But the opposition Jamaica Labour Party (JLP) is already claiming the measures will fail.

"Nothing in the presentation will alter the present course of the economy or halt the slide" of the dollar, insisted opposition leader Edward Seaga in response to Prime Minister Percival Patterson's address in parliament late Tuesday.

Since June last year, the Jamaica dollar has slipped from what was then a relatively stable rate of 4.5 U.S. cents to just over three U.S. cents. The slide has fuelled high inflation of three percent a month in the last eight months, seriously increasing economic hardships for the majority of Jamaicans. At the same time, anti-inflationary measures by government have led to a hike in commercial interest rates to well over fifty percent, dampening the investment climate in the process.

Patterson announced that in a bid to increase the flow of hard currency through the official system, unify the currency exchange rate, and reduce currency black marketeering and tourist harassment, authorised dealership in foreign exchange would be expanded in "two parts."

First, a "cambio system" would be introduced, incorporating more than 100 hotels which currently buy hard currency from tourists through foreign exchange bureaux. The prime minister said that under the new system, hotels would be licensed "to buy and sell foreign exchange, 20 percent of which will be sold to the Bank of Jamaica" (central bank).

Secondly, the more than 20 merchant banks operating here will be given limited foreign exchange dealer status. This will allow them to take foreign currency deposits, make foreign currency loans, borrow foreign currency abroad, and arrange foreign currency lines of credit for their customers.

The merchant banks will be able to "access" the foreign currency facilities of the development credit banks to "support ... the export sector and thus improve the supply side of the economy," Patterson reported.

The oil refinery, Petrojam, will also be given a limited foreign exchange license in order to meet its oil importing requirements, according to the prime minister. He stressed that with the new measures, laws against black market currency dealers would be strictly enforced.

Under existing laws, people buying and selling hard currency without a permit may be subject to heavy fines or imprisonment.

Patterson also announced plans to float a U.S.25 million dollar foreign exchange bond, expand the lending capacity of the Exim Bank by 50 million Jamaican dollars, lower lending rates by developing banks, and provide differential interest rates for small farmers and small businesses, in order to encourage production.

He said the proceeds from the bond issue would go to the National Development Bank and the Agricultural Credit Bank for on-lending to the productive sector. Negotiations were taking place with international lending agencies including the World Bank to find "a compromise" that would allow for the differential lending rates. The various multi-lateral lending agencies on which the Jamaica economy is dependent have steadfastly opposed such measures in the past.

Patterson renewed promises made to exporters last month that effective April 1, all import duties on raw materials for the export market would be removed, manufacturers would be allowed to accelerate capital depreciation of machinery over two years, and there would be a tax credit of 25 percent on the nominal value of bonus shares issued from the profits of a company, to expand its equity base.

While Patterson appeared optimistic that the new measures would work and that the Jamaican economy was on track to recovery, opposition leader Seaga poured scorn on the initiatives. He said the increase of the number of dealers in the market will not increase the flow of foreign exchange into the official system but will only "ensure that there will be even more dealers" in the hunt.

"What this will do is create even more pressure on the rate of exchange, as more "dogs" chase the same "bones." What the economy urgently needs is more "bones" not more "dogs," Seaga said.

Government Earmarks Additional Funds for Chiapas

PA0202163894 Mexico City NOTIMEX in Spanish 2045 GMT 30 Jan 94

[Text] San Cristobal de Las Casas, Mexico, 30 Jan (NOTIMEX)—It was reported today that the Mexican Government has earmarked 600 million new pesos to meet the most pressing needs and demands of Indian and peasant communities in Chiapas State.

Alejandro Pillar Borja, delegate of the Social Development Secretariat in Chiapas, explained that the new resources will be channeled for the exclusive support of the two sectors.

Approached by NOTIMEX after delivering a report on priorities to Manuel Camacho Soils, commissioner for peace and reconciliation in Chiapas, Pillar Borja explained that the support does not include luxury projects.

On 1 January, groups of armed Indians seized four towns in Chiapas State in southeast Mexico, thus prompting military intervention and a quick conciliatory action by the government to restore peace.

In a general way, the Indians are calling for attention to their urgent economic, political, and social needs.

Pillar Borja stressed that "only the peasants and the Indians will present projects to be carried out in their places of origin (...) to lay the groundwork for better development in Chiapas."

The regional committees of the National Solidarity Program (Pronasol) will be responsible for delivering and supervising the funds.

In view of the problems caused by the conflict, Pronasol sped up its working plan to meet the most urgent demands of the poor people, the official explained.

Political Parties Pledge To Work for Peace, Democracy

PA0202212794 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 28 Jan 94

[From the "Good Morning From Mexico" newscast]

[Text] Eight national political parties and their presidential candidates have pledged to join efforts for peace, democracy, and justice. The document was signed before the Federal Electoral Institute [IFE] General Council, where it was also announced that there could be changes in the Electoral Law in advance of the 21 August elections.

The first meeting was chaired by Government Secretary Jorge Carpizo, who serves as IFE president. He disclosed a commitment made by the political parties and their presidential candidates. The commitment is for peace, democracy, and justice, and it is designed to put an end to violence and to further the democratic process by way of the law. For this they agreed:

[Begin Carpizo recording] To adopt decisions that will lead to create conditions of trust and stability in all of the institutions that will participate in the elections. [end recording]

In addition, the political parties agreed to foster and maintain the social and political conditions that will guarantee a climate of trust for productive investment and economic growth within a framework of stability and respect for everyone's rights.

To conclude, the government secretary insisted that this year's challenge is to hold honest and open elections within a legal framework.

[Begin Carpizo recording] We must act responsibly, and we must all take up truth as our motto and our aspiration. Let us struggle for our causes, but within a legal framework. We have a point of reference in the law. When it becomes necessary to apply or to modify the law, it should be within the commitments made and within the correct institution, and this is precisely the goal of the IFE General Council. [end recording]

The IFE General Council fixed at 134.460 million new pesos the ceiling for campaign expenses that each party can spend in this year's presidential election. This amount is more than five times less than an original estimate of 722 million new pesos. In December this amount had already been reduced to 336,151 million new pesos. The ceiling of political campaigns was reduced by 82 percent, taking into account the 722 million pesos originally proposed. This is the result of a complex mathematical operation. It is based on the unit value of six pesos and 39 cents per deputy seat assigned by relative majority, to which is added the inflation rate; then it is multiplied by the number of voters registered, and it is also multiplied by a value fittingly assigned for the duration of the political campaign.

El Salvador

Justice Declines Comment on U.S. Officer's Case

PA0202210294 San Salvador Radio Cadena YSU in Spanish 1800 GMT 2 Feb 94

[Report by Maria Teresa Fajardo from the "YSU Radio News" newscast]

[Excerpt] Jorge Antonio Jean Mateu Aviles, vice president of the Supreme Court of Justice, has avoided making any statements that call into question or defend the Judiciary Branch's handling of the murder of a Salvadoran citizen by U.S. military officer Mike Lopez on 29 January. The magistrate declined comment because public reports on the case are just opinions and cannot form the basis of a legal position.

[Begin recording] [Mateu] The Court does not have a position on this case. I understand the Court president has already made statements reflecting the opinion of the Court.

[Unidentified reporter] Weren't Salvadoran laws violated in this case, in the sense that, according to the prosecutor general and the director of the PNC [National Civilian Police], the judge was manipulated? They said that the supply of U.S. aid was linked to the judge not indicting the U.S. citizen. Aren't the nation's laws being manipulated?

[Mateu] The Judiciary Branch is not manipulating the law. The judiciary is working to see that laws are fulfilled. But as Supreme Court...

[Reporter, interrupting] Will you defend the Constitution of the Republic? No statement has been made in this regard.

[Mateu] Once the recourse in this case is filed, we will have more details about this situation. But for now only opinions have been aired.

[Reporter] [Words indistinct] a case of real impunity?

[Mattei] Regardless of what I think, I cannot state my opinion because a recourse may be filed with this office. It would be inappropriate for me to give my opinion. [end recording]

The Supreme Court official made these brief comments on this case, after having announced plans to convene a special congress of the Latin American Federation of Magistrates in this capital. [passage omitted]

Foreign Minister, Court President on U.S. Officer's Case

PA0302010394 San Salvador EL DIARIO DE HOY in Spanish 2 Feb 94 pp 4, 33

[Excerpts] Foreign Minister Miguel Angel Salaverria has reported that a U.S. court martial will be the means by which U.S. Major Ismael Lopez will be tried for the murder of Salvadoran national Jose Crescencio Diaz Alvarado.

In a news conference with reporters, the foreign minister said the officer could not be arrested or forced to make statements because he has total immunity from criminal jurisdiction in Salvadoran territory, in accordance with the Vienna Convention on Diplomatic Relations.

Lopez has been accredited with the Salvadoran Government as a U.S. Embassy military attache since 4 July 1992, registration number 267/92.

However, continued the foreign minister, the Vienna Convention states that the Maj. Lopez's immunity has in El Salvador does not exempt him from his own country's jurisdiction.

In this sense, said Salaverria, the Foreign Ministry has from the outset received assurances from the U.S. Embassy in El Salvador that Maj. Lopez would be subject to a court martial in his own country.

"Ever since this regrettable incident occurred, this Foreign Ministry was informed by the U.S. Embassy in El Salvador about the case and at the same time was promised that Maj. Lopez would be subject to U.S. laws," explained the minister.

At the same time, he said the Foreign Ministry has asked the U.S. Embassy for "a report on emigration procedures surrounding Maj. Lopez's departure from the country, as well as for the date when the legal process will begin, information on the court that will hear the case, and details of penalties established by U.S. laws for crimes like this, in the event that he is found guilty." [passage omitted]

For his part, Dr. Mauricio Gutierrez Castro, president of the Supreme Court of Justice [CSJ], said that an investigation will be undertaken into whether the Foreign Ministry committed a crime in this case.

Upon his return from Brazil, where he participated in a meeting of the OAS legal committee, Gutierrez Castro explained that the Foreign Ministry's actions must be investigated by the judge charged with investigating the crime.

"If what is stated in a U.S. Embassy communique, which explains that the Foreign Ministry gave permission, is true, we could be dealing with a crime committed by a state branch," stressed the Supreme Court justice.

He explained that the officer has diplomatic immunity, in accordance with which the Embassy should notify the Foreign Ministry of the fact, and the Foreign Ministry, for its part, should then notify the judge in charge of the case so that the CSJ could invoke treaties regarding diplomatic immunity.

"This accomplished, Mr. Lopez could have left the country through the corresponding legal borders, thus observing the laws of the Republic," asserted the president of the CSJ.

Furthermore, Dr. Gutierrez said that over the last few years the country has been "excessively" generous in granting immunity, even to people who are connected with

embassies or international organizations but who should really not enjoy that privilege.

Gutierrez Castro said that it is the duty of the executive branch to submit a protest to the U.S. Government and urged candidates in the upcoming elections to defend national sovereignty. [passage omitted]

Guatemala

President Issues Ultimatum on Transport Crisis

PA0302010594 Guatemala City Cadena de Emisoras Unidas in Spanish 0027 GMT 3 Feb 94

[Report by Ana Julieta Cardenas]

[Text] The president of the Republic has issued an ultimatum to the businessmen of the National Transportation Coordinator, the umbrella organization under which heavy cargo transport and transportation of passengers outside urban areas is grouped.

[Begin recording, in progress] [De Leon] ...no deadline. We are announcing the government's position, which must be heeded. We are not proposing—we are announcing the decision of the Council of Ministers. This is our position, and this is the position they will have to deal with.

[Unidentified reporter] [Words indistinct]

[De Leon] This is due to ongoing illegalities. The fact [words indistinct] our situation, that we announce the government's position, the policy set by the government of the Republic, does not mean that no illegal actions are taking place with consequences that, in some cases, range from misdemeanors to crimes. Therefore, we have asked the Attorney General's Office to participate, but at this moment, we are stating the position of the government of the Republic. We are not setting a deadline but responding to the interests of the people of Guatemala. [end recording]

You have heard President of the Republic Ramiro de Leon Carpio, who said that if the businessmen do not sit down at the negotiations table today and accept the government's only proposal, it will be necessary to send security forces to guard the transportation of heavy cargo and provide transportation services to the population.

Announces Offer to End Strike

PA0302025694 Panama City ACAN in Spanish 2153 GMT 2 Feb 94

[Text] Guatemala City, 2 Feb (ACAN-EFE)—Guatemalan President Ramiro de Leon Carpio today offered a 10-percent adjustment of fuel transportation tariffs to end the strike that businessmen in that sector began on 1 February. De Leon demanded that the National Transportation Coordination Board (CNT) lift the strike, warning them that otherwise he would have to open up the fuel transportation business in order to eliminate the monopoly. At a news conference at the Presidency, De Leon said that the government's final position is to grant a 10 percent adjustment to current tariffs and 0.5 centavo of a quetzal per gallon of fuel transported as insurance.

The CNT has not replied to the president's offer, who said that transportation businessmen must "accept today" the decision of the Economic Cabinet.

"I urge businessmen to end the strike immediately; otherwise, we will take" drastic "action," de Leon stressed. De Leon said that the strike called by the transportation businessmen is illegal, as they abandoned a dialogue with a high-level government commission.

He added that the Attorney General's Office has been instructed to initiate legal action against the businessmen because they are disrupting public order by creating a fuel shortage. "The government will not tolerate illegalities from the businessmen, as they have already caused too much harm in addition to encouraging a strong feeling of uncertainty among the people," the president warned.

Transportation Board Issues Communique

PA0302024494 Guatemala City Cadena de Emisoras Unidas in Spanish 2300 GMT 2 Feb 94

[Report on communique issued by the Guatemalan National Transportation Coordination Board in Guatemala City on 2 February; broadcast in progress; from the "News Patrol" newscast]

[Excerpts] ...the National Transportation Coordination Board, in reply to the proposal made by the president today, and as a goodwill gesture with the sole goal of not hurting the Guatemalan people despite the indifference of government officials, reports the following:

A. We agree to [word indistinct] of the value of the freight value in the adjustment of current fuel transportation rates plus 0.5 quetzals per gallon considered as part of the insurance expenses for that freight [words indistinct].

B. Rates for cement transportation should be established at 87 percent of the 13.5 percent established by ministerial agreement dated 1-90 of 24 May 1990 issued by the Ministry of Communications, Transportation, and Public Works, forcing the issuance of the respective ministerial agreement.

The president must immediately sign the following government agreements:

1. Extra-urban passenger transportation.

2. Ground transportation of cargo equipment in the country [words indistinct] shipping companies.

3. Definition of the correct interpretation of Articles 61 and 64 of the Income Tax Law, decree number... [break in relay]

[Announcer] We have lost the signal we were receiving via radio. We will try to restore it in a few minutes, because there seems to be a ray of hope that in the next few hours this problem that is already exerting heavy pressure on the people will be settled. Thus, we call on Jorge Celis to reestablish contact, to perhaps start this report over again, because it is interesting news. Here at our news center we

are duty-bound to bring news to all parties involved in the problem and to report the information as it happens. [passage omitted]

Donald Gonzalez has contacted us from another location.

[Begin relay] ...government intention to intimidate the businessmen of the country's organized transportation sector, by this means we urge the human rights ombudsman and the metropolitan archbishop to be on call should this organization or its members deem this necessary at any given time.

We clarify this because at no time have or will commercial organizations and businesses represented by this national group participated in acts violating the law. The principle of freedom of industries and commerce entitles us to make our own decisions in our activities. We know, we are sure that we can work for our country's development as long as government officials fulfill their obligations and meet the people's demands. We are also the people. Article 43 of the Republic's Constitution. [as heard]

Based on the aforementioned, the National Transportation Coordination Board, in reply to the proposal made by the president today, and as a goodwill gesture with the sole goal of not hurting the Guatemalan people despite the indifference of government officials, reports the following:

A. We agree to [word indistinct] of the value of the freight value in the adjustment of current fuel transportation rates plus 0.5 quetzals per gallon considered as part of the insurance expenses for that freight [words indistinct].

B. Rates for cement transportation should be established at 87 percent of the 13.5 percent established by ministerial agreement dated 1-90 of 24 May 1990 issued by the Ministry of Communications, Transportation, and Public Works, forcing the issuance of the respective ministerial agreement.

The president must immediately sign the following government agreements:

1. Extra-urban passenger transportation.

2. Ground transportation of cargo equipment in the country [words indistinct] shipping companies.

3. Definition of the correct interpretation of Articles 61 and 64 of the Income Tax Law, decree number 26-92 of the Congress of the Republic to the effect that transportation companies that issue receipts authorized by the General Internal Revenues Directorate are not subject to the 4 percent withholding under the category of professional service.

4. Order and control of work 24 hours a day by customs and immigration officials at national borders and ports.

5. We clarify that we do not reject liberalization of heavy transportation because freight transportation in the country is regulated by commercial contracts signed by mutual agreement among the interested parties. Thus we ask the president to try not to confuse public opinion. Moreover, as a private sector that provides work for more than 30,000 families throughout the country, we are not interested in more state controls on transportation activities.

6. We want history books to record that the current conflict reached the magnitude it has today because during the past seven months of government, state officials closed the doors on the country's organized transportation sector. We do not have political interests. We never stop being and thinking as an integral part of the Guatemalan people, and, as such, we continue to demand solution of our problems and those of any other segment of the population as long as inefficiency persists in the decisionmaking process, because they stop making such decisions at certain times. [as heard]

This group continues to be open to dialogue and negotiation with the sole purpose of finding solutions to national problems together. [end relay]

Defense Minister Reacts to U.S. Human Rights Report

PA0302001294 Guatemala City Teleonce Television in Spanish 1900 GMT 2 Feb 94

[Report on news conference by Guatemalan Defense Minister General Mario Enriquez with unidentified reporters; place and date not given; from the "Telepress" newscast]

[Text] Defense Minister General Mario Enriquez referred to the U.S. State Department's report on human rights in Guatemala.

[Begin recording] [Enriquez] The president of the Republic must defend the government. As a staunch defender of human rights, he would not like to hear that there have been violations of those rights during his presidential term. Unfortunately, there have been a few cases during the six or seven months since he assumed power.

Those are the cases mentioned by the State Department. This was not a report but a statement expressing its position with regard to the Civilian Self-Defense Patrols [PAC]. That position is well-known in Guatemala and has resulted in significant reduction in the number of voluntary patrols. Right now only 40 percent of those patrols still exist, most of them in the Departments of Huehuetenango, El Quiche, and Alta Verapaz, where subversive groups are still present, which is the why those patrols were created. The president of the Republic has explained all that.

In addition, during a visit to the United States at the invitation of General Sullivan, chief of staff of the U.S. Armed Forces [title as heard], I met with representatives of various nongovernmental human rights organizations and State Department officials. I also visited the Pentagon for the first time. I must say that during my meetings with nongovernmental organizations, representatives from [words indistinct], Americas Watch, Attorneys for Human Rights, including (Jennifer Harbury), they were very sincere and broadminded about our situation.

I believe the government should also try to continue this kind of communication, because many countries know only one side of the story.

[Reporter] The State Department's report said that the members of the Armed Forces, PAC, and the National Police are the ones conducting these actions, including a majority of extrajudicial executions. Do you agree or disagree?

[Enriquez] I agree, to a certain extent, because we cannot deny that there have been some actions by PAC, for example the case in Colotenango, which fortunately is already being handled by the court. There have been other cases, like the regrettable case of Jorge Carpio Nicole. Although those responsible have not been fully identified, we strongly condemn these actions, which should not occur in Guatemala. There have also been cases of military policemen involved in bank holdups and national policemen who have made mistakes.

There really have been very few violations of human rights in the past year. What has increased is the number of cases reported. I believe 13,000 cases were reported, but there is no evidence in these. We are aware of the situation.

We deeply regret the case of Jorge Carpio Nicole; we want to find out who was responsible, so the weight of the law will fall on the culprits. We suspect this was done the [word indistinct] because they have killed many people. There are still many doubts, but we believe the case will be resolved. The case of the PAC in Colotenango has already been settled.

Now that the human rights meeting in Geneva is coming up, some groups are trying to revive cases that occurred in 1989-92. But the truth is that there has been significant progress in Guatemala with regard to respect for human and individual and political rights. Now there is more awareness of the people's social and economic rights, but this will take time, and violations will cease as Guatemalans' standard of living improves. It will not be easy.

The police, the Army, the government, the PAC are the ones usually accused because in the opinion of many statesmen and according to, let's say, ideas held in common all over the world, only the state can violate human rights because it is the guarantor, it is responsible for guaranteeing respect for human rights.

But at the last two meetings in Geneva the URNG [Guatemalan National Revolutionary Unity] was also condemned because blowing up electricity towers is indeed a human rights violation, blowing up bridges is indeed a human rights violation. That is sheer ingratitude; this is a poor country with many infrastructural needs, and they carry out those attacks to the detriment of the right to free movement and against life, by preventing the supply of electrical energy. I know of the problems and the torment the hospitals ensure with those sudden blackouts, during which some people have even died. [end recording]

CAN Party Praises Referendum, Demands Immediate Purge

PA0202163994 Guatemala City Cadena de Emisoras Unidas in Spanish 1730 GMT 31 Jan 94

[From the "Guatemala Flash" newscast]

[Text] The Nationalist Authentic Central (CAN) party leadership expressed through its general secretary, Roberto Tito Arana, its satisfaction with the patriotism demonstrated by the Guatemalan people by going to the polls to cast their vote in favor of the referendum. This action resulted in the approval of the constitutional reforms, thereby laying the foundations for purging Congress and the Supreme Court. The CAN leadership concluded by stating: "Although we are immersed in a sea of uncertainty and indecision, the people's will as expressed in the referendum compels us to demand the immediate purge of state institutions. As a direct consequence, elections must be held immediately in order not to frustrate the aspirations of the Guatemalan people, who for several months have been demanding the election of a new congress.

Honduras

Defense Minister on Possible Elimination of Army Chief Post

PA0202163794 Tegucigalpa EL HERALDO in Spanish 28 Jan 94 p 7

[Text] New Defense Minister Reynaldo Andino Flores said that the possibility of eliminating the position of Armed Forces chief "is something that will have to be studied eventually."

Andino thus reacted to President Carlos Roberto Reina's statement to a local television station that the current historic moment demands changes in the military institution, including the possible elimination of that position.

He added, however, that he could not comment further on the subject as he had not heard Reina's statement.

Should that position be eliminated, Andino would assume leadership of the Armed Forces as defense minister. In that regard, he said: "I have been a soldier at the service of my country, and that is what I have always been wherever I have been assigned. Fortunately, all of my appointments have been important. I assume this post with the same satisfaction and with the desire to do my best."

He added that before eliminating the position of Armed Forces chief, "it should be studied first among political sectors, the Armed Forces, and Honduran leaders in order to make the decision that is best for the people. After all, we, the members of the Armed Forces, are part of the people."

Andino said that the post of commander in chief of the Armed Forces has its advantages in relation to the position of defense minister. He added, however, that "things are changing, and I believe that the position could continue to

exist if it were updated, the necessary reforms were made, any negative aspects were corrected, and positive aspects highlighted.

Nicaragua

Lacayo, Transportation Leaders on Strike End

PA0202164294 Managua Radio Nicaragua Network in Spanish 0150 GMT 2 Feb 94

[News conference by Nicaraguan Presidency Minister Antonio Lacayo, National Police Director Fernando Caldera, National Transportation Commission spokesman Gustavo Aguiluz, Parrales-Vallejos Cooperative President Carlos Palma, and National Workers' Front Leader Roberto Gonzalez, who is also a member of the Parrales- Vallejos Cooperative, with unidentified reporters at the Presidential Palace in Managua—live]

[Excerpts] [Lacayo] Nicaraguans: In the pre-dawn hours of this morning I received a letter from (Don Jose Sara), coordinator for the National Transportation Commission [CNT], requesting a meeting to try and find a definitive and long-term solution to the transportation sector's problems. Despite the fact that I have not participated in the government commission that has been meeting with the various transportation sectors since 13 January, I accepted with pleasure because I was aware of their willingness to solve the strike today.

The meeting with CNT representatives was held in the afternoon and lasted about an hour and one-half. I must say that the talks were very frank and constructive. They explained their view of the transportation sector's main problems; that is, problems involving fuel price hikes and mechanisms dealing with the effective tax exemptions to which cooperatives are entitled in accordance with the country's laws and problems with coupons that were agreed upon back in September and which in some cases have not been distributed. All this, I would say, was communicated by those who work in this important sector with a desire to survive.

I also took the opportunity to tell them of the government's wish to consolidate this sector. The transportation sector is vital to Nicaragua's production, passenger and cargo transportation, and collective transportation. The government would like the sector to consolidate with other transportation federations and chambers and for the tax exemption mechanisms to be fine tuned. The government wants the sector to understand the fuel situation, that they must have greater trust in what the government does once the price freeze period expires and when pending coupons are brought up to date, and all other aspects that hinder the smooth operation of this sector. The government also wishes to discuss the in-depth problems involving the new organization throughout this sector and the preparation of a general transportation law, which must be drafted with all sectors involved in transportation. Then the executive branch, President Chamorro, can send this draft bill initiative to the National Assembly for discussion and approval.

Following these frank talks, which lasted an hour and one-half, I asked them to end the strike, because we all know of the inherent danger of these situations when people take advantage of circumstances to complicate things even more. In fact, the transportation sector itself is interested in resuming work because they are harming their economic situation. They have entrusted me personally with overseeing and ensuring that the various government commissions working with the transportation sector work smoothly toward the goal we seek, which is that this sector become organized and an in-depth solution to their problems be found.

At the end of the meeting they asked to talk with their affiliate members and return later tonight to tell the Nicaraguan people what has been done. I agreed with pleasure, and in light of radio reports that were being broadcast at the time that bore little resemblance to the talks we had held, I also decided to speak to the other transportation sectors, federations, and chambers to explain that we were meeting with a constructive spirit full of goodwill, which will allow the whole sector to work in greater harmony. I also found them to be very receptive toward the idea of working together. I think this is a great step.

While in the meeting I received information that the CNT had accepted my request to end the strike. I think this is a very positive step in favor of the transportation sector. The attitude of the commission and other chambers and federations forecasts a very positive working meeting tomorrow or the day after at the latest. This definitely commits the government to working with greater interest in support of the definitive and long-term solutions requested by the CNT in their letter.

By beginning February with this strike resolved without regrettable deaths or injuries, the country is taking a very important step on the path to reaffirming dialogue as the fundamental instrument for resolving differences among Nicaraguans and in favor of the reconciliation of Nicaraguans by achieving their unity in a concerted agreement. I am very happy, and now it is the commission members' turn to comment.

[Gonzalez] We wish to inform the local and international public, the Nicaraguan people, and the members of our organization throughout the country who are following this news conference of the National Transportation Commission's [CNT] responsible decision to contribute to a solution. We also wish to emphasize this chance to restore confidence between the government and the drivers, a confidence that had clearly deteriorated in relation to the fulfillment of previous agreements. It was decided today, as the result of Minister Lacayo's pledge to the CNT and in response to our proposals, that the agenda items the CNT had been proposing will be revised, adjusted, and discussed at 1500 at the CNT office tomorrow and in a bilateral meeting to be held at 0900 on Thursday as agreed with Minister Lacayo.

This decision to suspend the transport strike is our contribution to and a demonstration of our interest in the

country's stability. We expect the government to reciprocate by meeting the cooperatives' long-standing expectations. Today we can see the possibility of the drivers' hopes being fulfilled and of our dreams coming true. We have stated our position regarding the government. We are for national stability, agreement, dialogue, and the discussion of problems. We are willing to use every necessary administrative procedure that lends itself to achieving an understanding. We also wish to reiterate firmly, however, that the drivers' contribution to the recovery of trust between themselves and the government will be conditional upon the fulfillment of the government's pledge through Minister Lacayo. As a result, we hereby announce that the general transportation strike has been suspended today and that all delegations in Managua can return to their places of origin, a return that must be guaranteed by the National Police. We also wish to make it clear that a fundamental aspect of these negotiations as part of the climate of understanding is the release of all detainees and no reprisals against the strikers. Minister Lacayo, today we have pledged our word in responsibility. This is a historic chance to aid Nicaragua and to set an example for all sectors. We urge the government to keep its word. Let's not betray this word. We believe this is a chance to create conditions for a greater openness and to increase trust. Thanks.

[Reporter] Minister Lacayo, why was your participation necessary in this transportation sector conflict? Can't the other ministers make decisions? My next question is for Roberto Gonzalez of the CNT. What was the subject of your meeting this afternoon with Minister Lacayo? What arrangement did you make? And why this last-minute decision to end a strike that was going strong?

[Gonzalez] This morning the CNT presented its position to Minister Lacayo. We found that Minister Lacayo is in favor of discussing this position and of seriously analyzing it to give us a positive answer. That is why the commission believes that this time we will not be left vulnerable. That is why we have informed our people on strike at the national level that the strike is over.

[Unidentified speaker] I will expand on that so there is no misinterpretation of your question about what was discussed. We discussed what Minister Lacayo and Roberto have explained. Our position to end the strike came in response to the first sign of goodwill and interest, which in this case came from Minister Lacayo. In the face of this situation, we had an obligation to the people and our sector, which we represent, to find a negotiated solution based on Minister Lacayo's receptive position in favor of a commitment.

[Lacayo] [passage omitted] We must admit that during the first years of this government, some transportation permits and operating licenses were granted in response to political pressures brought to bear by the end of the war. We gave taxi operation licenses to demobilized people from the Nicaraguan Resistance as well as to retired Army people, who thus found jobs immediately. We must end that practice so we can move to a higher phase to benefit the entire sector.

I think that the ministers have acted in accordance with their responsibilities. [passage omitted]

There has been a great deal of distrust in both the transportation sector and—the ministers have told me this—among the ministers. Please remember what happened in September. These meetings have taken place in the midst of a strike. This makes negotiations difficult. When this is the framework, the people don't perform as well as they could. I had an edge: I had not participated in the negotiations and I had not met the transportation people. I met them today. Perhaps this made it easier for us to realize that we are closer to an agreement than we had thought and that if the two sides have the will, we will be able to reach an agreement that favors this sector.

[Reporter] What will happen to the transportation people still in prison now that the strike is being dismantled? What will happen to the cases that have been initiated against approximately 200 transportation people who were arrested during the strike? What will happen to them? Will the trial proceedings continue?

[Lacayo] The people arrested as suspects by the police will be released. No one has been placed at the disposal of a court, so there is no problem in this regard. We think, as we have discussed with the commission, that in the future, if we work in a more harmonious way, we will not find ourselves in this kind of situation. In this regard it is important to state that everyone is interested in making the transportation sector function better. This will get us off to a good start tomorrow. [passage omitted]

[Reporter] The strike began with a protest over increased fuel prices. Nicaragua has the highest gasoline prices in Central America. There was also a failure to fulfill the agreements signed in September 1993 and the issue of reorganizing the transportation sector. What did the government promise the transportation sector in response to their requests?

[Lacayo] We explained that a reorganization is in the best interest of the government and the transportation sector as well. The reorganization must be established in a general transportation law previously agreed upon by all sectors involved in transportation. We would send the law to the National Assembly, which would reach a final consensus, polish the document, and approve it. Nevertheless, it must be clearly understood that this concerted effort to create a new general transportation law must be a joint effort, and it is very difficult for the government to hold bilateral meetings with one sector and then with another sector, because in the end we get caught up in suspicions on all sides that are only dispelled when all sectors come together at a meeting. I believe the commission members have decided to take a positive step. It is also a positive step on the part of the other federations and chambers, which said this afternoon that they have never closed their doors to anyone for this sort of meeting.

All the sectors agree on one issue that could be the starting point for dealing with all these issues, including the fuel issue. As you said, fuel in Nicaragua is definitely the most expensive in Central America, but we must also clearly

understand that our economy is the worst in Central America. This is the result of what we all know happened in our country over the past 10, 15, 20, or 100 years, to be more specific. While the other countries can pay their teachers, build medical centers, and construct better highways with taxes generated by their greater economic activity, we in Nicaragua have not had that luck. I hope that someday in the future the taxes we collect will allow us to lower fuel prices, but for the time being there is no other solution, and all Nicaraguans must understand that.

We must make an effort to raise our economy's level of production and productivity. I think we will take an important step in that direction this year, and eventually more Nicaraguans will be able to pay their taxes. We will also collect more from the business sector and from the sale of products that contribute to the generation of taxes, such as beer, rum, and cigarettes. Thus we will be able to gradually lower the tax which simply must be imposed on fuel. All countries collect taxes this way. Even in Europe, where there are strong economies, gasoline is sold for up to 25 or 26 cordobas per gallon. The European countries are donors, in Nicaragua's case, and they have often pointed out that although gasoline is cheaper in other countries, it is still relatively cheap in Nicaragua when compared to prices in Europe. We must listen to the donors' points of view and seriously consider them, because they would like to see their aid channeled to more important matters and to the most dispossessed sectors of our society. Thus, in the agreements reached at dawn on Saturday, which the government is committed to maintain, we lowered the price of diesel as much as possible to prices that are quite competitive within Central America. Diesel is used for cargo and passenger transportation and for farm production in general.

An effort has also been made to subsidize gasoline for taxis. Taxi drivers will receive coupons per gallon of gasoline for a maximum of six gallons daily, thereby receiving some support from the government. However, gasoline in general and especially super gasoline must be more expensive to discourage the use of taxis and foster the use of mass transportation so the latter will have a greater volume of work.

[Reporter] I have questions for both sectors. The first is for the transportation sector. One thing that delayed the possibility of your ending the strike or reaching an agreement was a lack of trust. What makes you believe that you can now reach a satisfactory agreement? Also, have you considered proposing to the government other possible sources of income that would lower government taxes? I would also like the presidency minister to respond to this.

In addition, President Chamorro, and specifically [former] Transportation Minister Jaime Icabalceta, said that members of the Parrales-Vallejo Cooperative must decide whether they will use the buses. If not, they should return them, because those buses must be paid for and operated. I would like to know if the government is still concerned about this. I would also like to know, Mr. Minister, what effect this strike will have on your forthcoming meeting with the multilateral financial organizations.

[Lacayo] In response to the final part of your question, I would like to say that many things have been said by both sides over the past seven, eight, or nine days. Some news media have even reported things that were never said by either side. But all of that is behind us. What matters now is our current resolve to end the transportation sector problems.

Concerning alternative sources of income taxes, I think one source identified not only by a broad segment of the trade sector but by the general public is contraband. We all know that there are people in Nicaragua who bring merchandise into the country in a fraudulent manner. They do not pay the taxes they should pay; they compete unfairly against formally established businesses; and they do not make the required payments to bring their products into the country. We also know there are establishments that ask clients whether or not they want receipts. All merchants who do not provide receipts also harm the transportation sector and the economy in general. The burden must be shared by all. I think it is important for everyone who has the legal obligation to pay taxes to do so we can gradually reduce taxes on certain products, which would be to our advantage. That is what I have to say about alternative sources.

As for the international community, I must speak openly. To the extent that the international community sees the Nicaraguan people resolving problems, especially the way in which we have resolved a protest that did not become violent as it did in September and on other occasions, to the extent that we Nicaraguans can show the world that despite our country's infinite problems we are capable of reaching agreements and resolving our problems, to that extent, we will make a favorable impression on the international community.

The broad consensus achieved at the National Assembly at the beginning of the year and the fact that the Assembly is functioning with almost all of its 92 deputies has definitely had a very positive impact on the international community. U.S. Assistant Secretary of State Watson emphasized that point in spite of criticisms by certain Nicaraguan news media. I believe it makes an impression on the international community when they see that we are approaching the path to democracy. I have no doubt whatsoever that the way in which we resolved the strike and transportation stoppage today will also have a very positive impact, which is good for all Nicaraguans and, why not, for the transportation sector.

[Unidentified labor leader] It must be clearly established that we demanded of the government that both sides agree to a truce. This truce, which has been requested and demanded by the transportation sector and various cooperatives for over three years, is precisely the result of the economic difficulties faced by the cooperative movement. Therefore, we believe it is to our advantage to discuss our problems, and we have found the government to be receptive. I believe the fact that the presidency minister has listened to our observations and thoughts about the agenda we presented and discussed this afternoon proves that an understanding may be possible. Therefore, the

pledge made by the government through Engineer Lacayo is precisely the offer we discussed today with our entire national directorate. We decided to discuss the work agenda we presented, which includes such issues as fuel, taxes, matters pertaining to Decree 62-93, and matters pertaining to the reorganization of transportation and other important issues. We decided to discuss these points at multilateral meetings, but above all they must be discussed at a bilateral meeting, which in our opinion is also a viable mechanism through which an agreement can be reached.

Argentina

Official Downplays State Department Human Rights Report

PY0302012894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2118 GMT 2 Feb 94

[Text] Buenos Aires, 2 Feb (NA)—Vice Foreign Minister Fernando Petrella today downplayed the importance of a U.S. State Department report on the human rights situation in Argentina because it "includes an assessment that is formulated through the system" but "it is not a criticism of the system."

Petrella was referring to the document the U.S. Government submits to Congress with a detailed report on each country, and he believes that it "must be taken into account," although he made it clear that "no institutional aspect has been criticized" because "our country has made notable progress that is noticeable in the management of the OAS' Human Rights Commission."

In the chapter that refers to Argentina, the document published today by a newspaper alludes to police executions, torture, and disappearances, and it puts in doubt the independent functioning of the judicial branch.

Petrella added that "there are several categories within the mechanism of human rights," and he stressed: "Argentina is in a good position."

Regarding the chapter that indicates that the Executive Branch puts pressure on the Judicial Branch, the vice minister explained that the report "takes up the opinion of the media," and he emphasized that "this type of opinion did not find an echo within the Inter-American Human Rights Commission."

He also admitted that "without having fully read the report," in Argentina "there are aspects that can be improved," although he highlighted the fact that "if the U.S. Congress has to decide on something related to our country, it will not necessarily take the report into account."

"Regarding human rights, the fact is that since 1983, Argentina's record has been a good one because our country is not even mentioned in the Inter-American Human Rights Commission report," the vice minister said.

Breakaway Unions Form Movement To Oppose Economic Policy

PY0202225694 Buenos Aires BUENOS AIRES HERALD in English 2 Feb 94 pp 1, 11

[Excerpt] (DYN-NA)—The group of separatist General Labour Confederation [CGT] unions spearheaded by the secretary-general of the powerful UGTT transport workers confederation Juan Manuel Palacios and by former CGT head Saul Ubaldini yesterday launched the Argentine Workers Movement (MTA) umbrella group that pledged to oppose President Carlos Menem's economic policy.

"Only the workers will save the workers," the MTA said in its nine-point founding document presented during an assembly staged in the Eva Peron auditorium at the Federal Capital headquarters of the UTA [Motor Transport Workers Union] transport workers.

The organizers said that the assembly was attended by representatives of 80 dissident unions—including the large food workers union—that decided to quit the CGT last week after the umbrella group's leadership announced it was lifting a general strike called for January.

The MTA is flatly rejecting the government's labour reform bill and is demanding the collective labour bargains "to be put into total effect."

The rebel unions announced that they will participate in the 100th weekly pensioners demonstration scheduled to take place on March 2 and that it will launch a nationwide plan which could lead to a general strike.

This is the second major split in the CGT in the last two years. The ATE [Association of State Workers] state workers union, the CTERA [Confederation of Education Workers of the Argentine Republic] teachers union and others walked out of the organization in 1992 to launch the staunch antigovernment Congress of Argentine Workers umbrella group. The CGT is currently led by a five-man general secretariat. One of those secretaries, Raul Amin called on the MTA "to stop messing about so we can launch a joint action, because there is a campaign to kill the labour movement." Amin defined the MTA as "an internal line that is not leaving the CGT."

Palacios said yesterday that his faction had decided to name itself "only to be identified because we are not prepared to give up the glorious initials of the CGT." He stressed that the division in the CGT was not final and called on those present at the assembly not to criticize the current leadership. But he added that the MTA "will occupy the place to fight left vacant by the CGT." [passage omitted]

Bolivia

Police Unrest Reported, Commander Refuses To Resign

PY0202203494 La Paz Television Nacional Network in Spanish 1700 GMT 2 Feb 94

[Text] The new National Police commander will be installed on 4 February. This and other details will be discussed in the following report by Mario Espinoza:

[Begin recording] In a few seconds I will give you the name of the new National Police commander who will be installed on 4 February. But let us review the issues one at a time.

I am here in the Senate, where this afternoon there will be a secret session during which at least four police colonels will be promoted to general. The promotion of at least two of them is absolutely certain, that of the current Police Department chief, Colonel Luis Rocha; and Colonel Willy Arriaza.

The new National Police chief will be installed on 4 February during a ceremony to be held at Government House that will be headed by the president.

The current National Police chief, General Einar Lopez, has fulfilled his years in service and, therefore, will retire. He will be replaced by newly appointed General Luis Rocha. Moreover, Col. Willy Arriaza, who will certainly be promoted to general, will be appointed National Police deputy chief. At any rate, well-informed Government House and Senate sources have confirmed this report. Therefore, new National Police Chief Luis Rocha will be installed on 4 February.

But this is not an isolated report, at least not within the police force. There are problems within the police force. On 1 February, we were told by well-informed sources that Minister of Government German Quiroga asked for Police Commander Einar Lopez's resignation. Einar Lopez has refused to resign and said that when he assumed the post a few months ago, he thought it was a long-term important post, that he was not an acting police commander.

Everything seems to have resulted from a letter Gen. Einar Lopez submitted to Government Minister German Quiroga, which states there are unusual promotion procedures regarding the background reviews of those proposed for promotion to general.

According to the Police Commander's Office, the following police colonels have been proposed for promotion to police general: Willy Arriaza, Walter Romero, German Pomier, and Jaime Escobar.

According to information obtained by this television station, there is great disorder in the National Police force. [end recording]

Chile

Economy Minister-Designate Interviewed

PY0202230694 Santiago ESTRATEGIA in Spanish 17 Jan 94 pp 24, 25, 26, 64

[Interview with Economy Minister-designate Alvaro Garcia by unidentified reporter; place and date not given, passage within quotes are editorial commentary]

[Excerpt] [Passage omitted] [ESTRATEGIA] [Former Economy Ministers] Carlos Ominami and Jorge Marshall maintained excellent relations with President Patricio Aylwin. How would you define your relationship with Eduardo Frei?

[Garcia] It is very good, I greatly admire the president-elect...

[ESTRATEGIA] Do you believe your appointment was decided by the president alone or do you think partisan interests were considered?

[Garcia] I have no doubt I was elected by the president, but I also enjoy my party's support.

[ESTRATEGIA] You are one of the youngest and most handsome members of the cabinet. What other virtue do you think will help you do your job as minister?

[Garcia] I do now want to discuss my own virtues because this is for others to do, but I would like to talk about what I want to do "he says calmly and with a smile on his face which becomes more serious when he refers to his tasks in the ministry." From the economic viewpoint, Chile's great challenge lies in constantly increasing its competitivity, which is linked to two great aspects: increased productivity and increased quality of the productive apparatus. Chileans have become aware that these two issues are essential if we are to continue to grow successfully. This overall consensus has not resulted yet in specific working agreements or in a joint action of public and private sectors, or in the private sector itself. I want the Economy Ministry to reach these agreements and implement them.

[ESTRATEGIA] In this sense, do you think the Economy Ministry has failed to do its job?

[Garcia] No, on the contrary; I believe the ground rules have been set for a sound relationship between the Economy Ministry and the private sector that now allow them to work jointly.

This formal dialogue is carried out through the institutional channels that have been created. The economy minister presides over the Committee for the Participation of the Private Sector in International Economic Relations [Comite de Participacion del Sector Privado Para las Relaciones Economicas Internacionales], which groups the main business and labor union leaders. These subjects have been placed on the agenda of the public as well as the private sectors. Therefore, an effort is being made to step up and continue a task that has already been started.

[ESTRATEGIA] Taking this into account, what short-term plans do you have in mind?

[Garcia] The main objective is to make progress jointly—businessmen and workers—to draft an agenda of concrete tasks that will make global agreements possible. I want this to be a joint effort so the agenda must also be drafted jointly. I have some ideas in mind but, above all, I want to discuss them and reach agreement with business and labor union leaders.

[ESTRATEGIA] Have you started making the contacts?

[Garcia] I have been talking with them but we will really get down to work when I assume as economy minister.

[ESTRATEGIA] What do you think about the role of businessmen and workers during the current administration?

[Garcia] Incredibly positive. In a very brief period of time a climate of dialogue that never existed in our country has been established between the government, businessmen, and workers.

Confrontations used to be characteristic of the relationship between these sectors. During these past four years a method to define public policies has been established and

the challenges that have surfaced have been tackled jointly. All involved sectors have revealed a national spirit that has allowed the country to grow; all sectors have revealed a great commitment with the country, not just with their sector, which must be maintained because that is their social duty which they assumed with great dignity.

[ESTRATEGIA] Within this context do you believe the policy of consensus must be maintained?

[Garcia] Absolutely...!

[ESTRATEGIA] Do you think this is why the government has criticized for its "lack of audacity."

[Garcia] I do not agree there has been a lack of audacity. On the contrary, I believe it was very audacious to progress on the path of consensus. It was very audacious because it was very new and needed great willpower.

[ESTRATEGIA] What challenges will the country have to face in the macroeconomic field given the scope of the scheduled work?

[Garcia] Our most important effort will be to stay on the present path. Conditions are right for the economy to grow at a stable pace of 6 percent, and current investment levels make us believe this is possible in the long term. We need only continue to encourage savings and we will finance all our domestic investments.

The path we have chosen—the gradual reduction of inflation—will assure a more stable process and, therefore, our challenge is to continue the program.

[ESTRATEGIA] Do you think estimates for 1994 on growth and inflation rates are correct?

[Garcia] Yes. We should expect growth rates of between 4 and 5 percent and inflation slightly lower than last year. However, it is important for the country to be aware that the development path we have chosen—which has yielded great results—also increases the influence of the world economy on Chile's economy. Therefore, it is not possible to make economic evolution projections solely based on local conditions.

There are signs of a recovery in the world economy, which is promising for our economy, but I do not think the process is definite. My impression is that 1994 will still be a year of slow international growth.

[ESTRATEGIA] Would you say we should be optimistic or cautious during 1994?

[Garcia] I would say we must face the year with austerity.

[ESTRATEGIA] In your opinion, will Chile reach single digit inflation rate during the next few years?

[Garcia] We must try to reduce inflation to one digit. Conditions are right.

[ESTRATEGIA] During the presidential campaign, [Copper Corporation, CODELCO, executive president] Juan Villarzu's proposals were considered more liberal than those of Minister Alejandro Foxley. Whose proposals do you think are closer to your way of thinking?

[Garcia] I was not aware there were differences. I do not know in what areas...

[ESTRATEGIA] For instance, regarding capital accounts, privatization, foreign exchange policy...

[Garcia] Minister Foxley encouraged the opening of capital accounts and this is currently paving the way. I have no doubt that Villarzu, Foxley, and the entire coalition agree that the opening of capital accounts is a crucial factor in our export development.

Chile has a potential offer of services in the international arena. To materialize this offer we must open capital accounts. One of the usual hurdles in the commerce of goods has been the lack of follow up by the financial sector. We all agree on the absolute need to advance this opening process. We have defined a path that passes through the normalization of national capitals market, particularly the banking system which has sponsored this process.

[ESTRATEGIA] But critics speak against the current government's gradualism.

[Garcia] Speaking about the capital market, in the past few days we have seen a Minister Foxley rather annoyed by the slowness of the process that he is trying to speed up. It obviously does not depend on the willingness of the Executive Branch because the bill has been in Congress for more than a year now.

[ESTRATEGIA] What is your position regarding privatizations?

[Garcia] We discussed the issue at length inside the coalition. The important aspect of our position is that we do not have a set criteria as to whether privatizations are good or bad. Public companies must be efficient and competitive in order to fulfill their social function. If they are not, there is no reason why they should continue as public companies. To advance the privatization process, however, it is essential to create the mechanisms to ensure the preservation of the common good in areas where—some times—competition does not operate effectively. When privatizing companies in certain productive areas it is essential to create regulating mechanisms.

Perhaps the most important part of our proposal is that no area should be off-limits for private initiative. On the contrary, we must do the utmost to encourage investments in areas that are traditionally public—particularly in the field of infrastructure. For instance, the president-elect has said that all new investments in the ports will come from the private sector.

[ESTRATEGIA] Does it mean then that the issue of privatizations is more an economic than a political issue?

[Garcia] Absolutely. We are not politically prejudiced about the issue.

[ESTRATEGIA] Do you believe a public company that is not administered well should be privatized?

[Garcia] We should consider privatizing inefficient companies. Sometimes it is a better to rationalize a company than to sell it. But continuous inefficiency is a very good reason for privatization.

[ESTRATEGIA] What companies do you think should be transferred to the private sector?

[Garcia] I do not have any in mind right now. I could not mention a specific company. But we have agreed on certain criteria.

[ESTRATEGIA] What about Codelco? Why is there so much fear about discussing it?

[Garcia] There are two good reasons why the company should stay in state hands. First, the state can provide a broad field for possible progress in the areas of efficiency and rationalization; and second, the company has a great macroeconomic importance.

[ESTRATEGIA] We have noticed a certain disorder in the administration of trade agreements during this government. What will be the role of the Economy Ministry during your administration?

[Garcia] I would not characterize it as disorder. The economic opening is an objective for national development, and commercial agreements constitute one of the mechanisms to advance in that direction. It is, therefore, necessary for the Finance, Foreign, and Economy Ministries to participate in this process because they have areas of concern that must be present in any discussions.

At the beginning of the year a formal organization was created—the Participation Committee—to call a national dialogue on this task. It is a mechanism that must continue. It is adequately facing its tasks. Besides, the participation of these three ministers converge in this area. I know [Foreign Ministry foreign debt negotiator] Eduardo Aninat and [Foreign Minister-designate] Carlos Figueroa quite well and I have no doubt whatsoever that we will constitute a good working team to perform this task.

[ESTRATEGIA] Considering the progress achieved lately, what must be the objectives of Chile's international economic relations during Eduardo Frei's administration?

[Garcia] We will try to continue to increase Chile's presence in international markets. There are areas, particularly the Asia- Pacific region, where Chile has great development potential. We will also seek to strengthen our presence in our traditional markets—the United States, Japan, and the EC—and to continue to work on market liberalization, a task that must be maintained.

This is one of the challenges ahead of us. It requires the active participation of everyone, that is, the government and the private sector.

Chilean Ship Sails to Falklands for First Time

PY0302015894 Santiago Radio Cooperativa Network in Spanish 2200 GMT 2 Feb 94

[Excerpt] A Chilean merchant ship sailed to the Malvinas, or Falklands, Islands for the first time.

The ship Cordillera was transporting a 180-metric ton cargo bound for Punta Arenas, according to maritime sources. The sources added that the ship sailed to the Malvinas after receiving a call for services on its way to Chile from Brazil.

The Cordillera belongs to the shipping company Asmares Naviera Chilena.

At the Falklands, called Malvinas by Argentina, it loaded 48 container-type prefabricated houses, three containers, one truck, one backhoe, and a reservoir. The sources also noted that the ship sailed through the British islands only by chance. [passage omitted]

Colombia

Authorities Capture Third-Ranking EPL Leader in Cartagena

PA0202170094 Santa Fe de Bogota Inravision Cadena 1 in Spanish 1800 GMT 29 Jan 94

[From the "NTC News" newscast]

[Text] The DAS [Administrative Department of Security] captured the third in command of the EPL [Popular Liberation Army] this morning in Cartagena. The man, identified as Elviro Meneses, is charged with being chief recruiter for the people's militia and possible involvement in the massacre of 35 people in Apartado. He will be transferred to Santa Fe de Bogota in a matter of hours.

* Polls of Voter Preferences Differ on Front Runner

* Pastrana Leads in Yankelovich Poll

94SM0165A Santa Fe de Bogota EL TIEMPO in Spanish 17 Dec 93 p 8A

[Text] If the presidential elections were held today, Andres Pastrana would win with a lead of over seven points ahead of Ernesto Samper Pizano, according to a poll by Yankelovich Colombia for the Pastrana campaign. The poll was released yesterday.

However, an EL TIEMPO poll arranged with the same polling firm, which then subcontracted the poll to the CNC [National Survey Center], gives different data on who the next president might be. These figures and the explanations of each of the firms—Yankelovich and the CNC—will be published by EL TIEMPO on Sunday. Yankelovich is now working as a polling consultant to the Andres Pastrana campaign, and for that reason subcontracted EL TIEMPO's poll to the CNC.

According to the poll the Pastrana campaign released yesterday, the total number of persons polled would vote as follows:

In the first presidential round: for Andres Pastrana, 30.5 percent; for Ernesto Samper, 23.8 percent; and for Antonio Navarro, who would be third, 8.9 percent.

In the second round, Pastrana would also emerge as the winner, with a lead of almost eight points ahead of Samper. Pastrana would win 41.0 percent of the votes, with Samper getting 32.1 percent.

Over half of those polled, 56 percent, said they intend to vote. These respondents said they would vote for president as follows: in the first round, 36.6 percent for Andres Pastrana, and 29.4 percent for Samper. Antonio Navarro Wolf would be third, with 7.8 percent.

In the second round, those who said they are going to vote would vote as follows: for Andres Pastrana, 38.7 percent; for Ernesto Samper, 30.6 percent; and for Miguel Maza Marquez, 2.2 percent.

To the question, "who do you think is going to be the next president of Colombia, independently of whom you are going to vote for?" the 1,212 persons questioned answered: 38.7 percent said Andres Pastrana, 30.6 percent said Samper, and 2.2 percent chose Miguel Maza Marquez.

On primary elections to select the conservative and liberal parties' candidates, the poll revealed the following:

In the liberal party, Ernesto Samper would win twice the number of votes as Humberto de la Calle, who would be second, followed by Carlos Lemos.

In the conservative party, Andres Pastrana would win 51 percent of the votes, with Roberto Gerlein getting 4 percent. Juan Diego Jaramillo would be third in a conservative primary, with 3.1 percent.

How the Poll Was Conducted

The poll was conducted by Yankelovich for Andres Pastrana's campaign among 1,212 people from the lower, middle, and upper socio-economic sectors in Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Cartagena, and Santa Marta.

The surveys were conducted by telephone on 10, 11, and 12 December using a random digital method.

The results have a margin of error of 2.8 percent for the total population and 3.5 percent for those who say they intend to vote.

* Samper Leads in CNC Poll

94SM0165B Santa Fe de Bogota EL TIEMPO in Spanish 19 Dec 93 p 1B

ncy of Colombia between two candidates, Ernesto Samper and Andres Pastrana, is fairly close, according to EL TIEMPO's latest poll, conducted by the CNC [National Survey Center].

Samper would win the first and second rounds, based on responses of people who intend to vote. But of the total respondents surveyed, Pastrana would win the first round, with a tie in the second round.

In comparing these results with the EL TIEMPO poll conducted by Yankelovich in September 1993, the same trend is evident. Three months ago Pastrana was winning the first round among the total number polled by 1.2 points, while in the second round the two candidates would each win 38.3 percent of the votes.

In the same way, among people who said they intend to vote, which at that time was 57 percent of the total number polled, Samper led Pastrana by 0.7 percent.

Now, of the total number polled, 39 percent think Pastrana is going to be the next president, followed by Samper with 38 percent.

Those who said they are going to vote think Colombia's next president is going to be Ernesto Samper, by a three-point difference.

These results show that the race between Samper and Pastrana is a real neck-to-neck contest, as the poll has a 3-percent margin of error for the total population.

The poll results show without a doubt that Andres Pastrana and Ernesto Samper would be chosen as their party's presidential candidate, both in the liberal primary and in a conservative primary, if the conservatives decided to hold one.

Voters and Nonvoters

Of the total population, over half the people polled said they intend to vote in the next elections; 64 percent are now registered.

Of this group who intend to vote in the next presidential election, 89 percent always intended to vote for the same candidate, while 9 percent had thought of voting for someone else.

In the total population, 19 percent are still undecided about whether or not they will vote.

Age and Sex

In breaking down the population by sex, age, and socio-economic level, the results among the total number polled show that Pastrana would get more votes from women than men, while Samper would receive more votes from men than from women.

In terms of age, the majority of Pastrana's votes would come from people between 18 and 39, while the majority of Samper's votes would come from people over 25.

In terms of socio-economic level, classified for the purposes of this poll as lower, middle, and upper, both candidates would get most of their votes from the middle class, followed by the upper class. A difference was found among voters from the lower socio-economic group, where more people intend to vote for Samper.

How the Total of Poll Respondents Would Vote

If the liberal primary were tomorrow, for which of these candidates would you vote?

Ernesto Samper	Humberto De la Calle	Carlos Lemos	David Turbay	Rodolfo Gonzalez	Luis Guillermo Sorzano	Do not know; did not answer
39%	16%	10%	3%	1%		31%

If the Conservative Party held a primary, for which of these candidates would you vote?

Andres Pastrana	Juan Diego Jaramillo	Roberto Gerlein	Rodrigo Marin	Gabriel Melo	Rodrigo Llorente	Nobody	Do not know; did not answer
53%	4%	4%	2%	2%	1%	30%	5%

If the first presidential round were tomorrow, for whom would you vote?

Andres Pastrana	Ernesto Samper	Antonio Navarro	Miguel Maza	Enrique Parejo	Rodrigo Marin	Nobody
31%	28%	10%	7%	4%	1%	16%

If the second round were tomorrow, for whom would you vote?

Andres Pastrana	Ernesto Samper	Nobody	Do not know; did not answer
40%	40%	18%	2%

Who do you think is going to be the next president of Colombia?

Andres Pastrana	Ernesto Samper	Antonio Navarro	Miguel Maza	Others	Do not know; did not answer
39%	38%	3%	3%	2%	16%

Do you intend to vote in the next elections?

Yes	No	Undecided	Do not know; did not answer
56%	24%	19%	1%

How Those Who Intend To Vote Would Vote

Liberal Primary

Ernesto Samper	Humberto de la Calle	Carlos Lemos	David Turbay	Rodolfo Gonzalez	Guillermo Sorzano	Do not know; did not answer
45%	18%	12%	2%	1%		21%

Conservative Primary

Andres Pastrana	Juan Diego Jaramillo	Roberto Gerlein	Rodrigo Marin	Gabriel Melo	Rodrigo Llorente	Nobody	Do not know; did not answer
58%	5%	5%	3%	2%	1%	24%	3%

First Round

Ernesto Samper	Andres Pastrana	Antonio Navarro	Miguel Maza	Enrique Parejo	Rodrigo Marin	Nobody	Do not know; did not answer
34%	32%	11%	8%	5%	1%	8%	2%

Second Round

Ernesto Samper	Andres Pastrana	Nobody	Do not know; did not answer
46%	41%	12%	1%

Who do you think is going to be the next president of Colombia?					
Ernesto Samper	Andres Pastrana	Antonio Navarro	Miguel Maza	Others	Do not know; did not answer
43%	40%	3%	2%	2%	9%

The Government

On President Cesar Gaviria's image and performance, the poll shows that while a third of the people have a good image of the chief executive, over half approve of his job performance.

When compared with the May and September polls, these figures show that the president's ratings have improved in both aspects.

In May, 34.5 percent approved of his performance; in September, 47.1 percent, and in December, his approval rating was 53 percent.

The president's positive image rose from 15.1 percent in May to 31.2 percent in September, and to 33 percent in December.

In the latest poll, 14 percent have a poor image of the president and 38 percent disapprove of his performance.

On the nation's situation, 59 percent describe it as average, 33 percent as bad, and 8 percent as good.

The Government's Image

How Would You Describe the Nation's Situation Today?		
Bad	Good	Average
33%	8%	59%

What is your opinion of President Gaviria right now?			
Bad	Good	Average	Do not know; did not answer
14%	33%	52%	2%

Do you approve of how the president is doing his job?		
Approve	Disapprove	Do not know; did not answer
53%	38%	9%

How the Poll Was Conducted

EL TIEMPO hired Yankelovich of Colombia which, as it is now working for the Andres Pastrana campaign, subcontracted the poll, with EL TIEMPO's permission, to the National Survey Center.

The telephone poll was conducted among 1,298 persons in Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Cartagena, and Santa Marta, from middle, lower, and upper socio-economic levels.

In all, 589 men and 700 women between 18 and 65 were surveyed.

The poll's margin of error is 3 percent.

Ecuador

Oil Workers, Teachers, Students, Indians Joining Strike

PA0302914794 Quito Cadena Ecuador Radio in Spanish 2300 GMT 2 Feb 94

[From "The Reporter" newscast]

[Text] The nation's oil workers will join the strike staged by the United Workers Front [FUT] to demand that the government revoke its decision and not implement the gasoline price hike, said Pedro Chiriguaya, leader of the Petrocomercial workers. Here is what Pedro Chiriguaya said:

[Begin recording] [Chiriguaya] The government is mistaken, totally mistaken. We have already said they are mistaken; there is no reason to raise gasoline prices.

[Unidentified reporter] [Words indistinct] go on strike tomorrow [words indistinct] into a nationwide strike?

[Chiriguaya] We are just now on our way to the meeting called by the Federation of Oil Workers and the [words indistinct] in Pichincha. A decision will be made on Thursday.

[Reporter] [Words indistinct]

[Chiriguaya] We must obey our union headquarter's decisions. We believe the strike will be total.

[Reporter] [Passage indistinct]

[Chiriguaya] In any case, the one to correct the mistake would be the finance minister, as he is the one who raised fuel prices. [end recording]

Meanwhile, Fidel Garcia, president of the federation of public employees in Pichincha, announced they will join the strike called by FUT as they consider that the gasoline price hike adversely affects all national sectors, particularly the most needy. Garcia explained that although they are prohibited from participating in the strike, they will go ahead anyway as the government must understand that its duty is to work for Ecuadoreans, not against them.

In addition, Luis Macas, Conaie [Confederation of Indian Nationalities of Ecuador] president, said Thursday's strike will be characteristic of a struggle and that demonstrations will continue in the coming days until the government revokes its decision. Macas said that an Indian uprising might occur on 8 or 9 February. Here is what Luis Macas said:

[Begin recording] [Macas, in progress] ...of the union workers movement, the Indian-peasant movement, that is

all the Ecuadoran people. A day of struggle by the students has been called for today. In the same fashion, tomorrow the whole Ecuadoran population is summoned, all of us who are adversely affected—that is, from the middle class on down. That measure is nothing more than a statement by the ruling class, by this nation's oligarchy, against all Ecuadoreans. We call on the people to join this struggle; this is a popular struggle. This summons is coordinated precisely through this nation's Indian-peasant, workers, and peoples organizations. [end recording]

Along these same lines, student leader (?Elwis Moreira) has said the Student Federation will actively participate in the strike called for tomorrow by Ecuadoran workers. He termed successful the current student demonstrations.

Meanwhile, in Guayaquil, at the National Teachers Union of Guayas, Alonso Lopez, president of Teachers' Democratic Front, was asked about what actions are planned for tomorrow. Here is Alfonso Lopez:

[Begin recording] [Lopez] Specifically, the Teachers Union has called on all education sectors: supervisors, directors, and students in general, to join [words indistinct] tomorrow the 24-hour protest. They should attend peacefully. But if there is repression, if the repressive forces prevent the demonstration's normal development, we the teachers, together with the organized sectors, are willing to carry the demonstration through to its ultimate consequences. We call on all organized sectors to gather tomorrow morning at 0900 at the Centenario Plaza [words indistinct] in the afternoon at 1600. [passage indistinct] In addition, certain important sectors of the roads in the Guayas Province will be blocked on Friday, as on this day we will not stage a protest. The following day, on Friday we will continue our activities at the National Teachers Union of Guayas [break in reception] [end recording]

Transport Workers To Resume Operations If Guarantees Hold

PA0302011394 Quito Cadena Ecuador Radio in Spanish 2300 GMT 2 Feb 94

[Telephone interview with Hugo Penafiel, Pichincha Province transportation groups' leader, in Pichincha, by Patricio Ramos in Quito—live]

[Text] [Ramos] We have Hugo Penafiel, transportation group leader in Pichincha Province, on the phone. Mr. Penafiel, I understand the National Committee of Transportation Workers met today at 1400. Have transportation workers reached an agreement with the national government regarding the subsidy that was being negotiated during the past days? Welcome to Radio Quito.

[Penafiel] Many thanks to Radio Quito once again. Actually, we were waiting for National Executive Committee members to arrive in order to hold a meeting to discuss mainly if we were going to accept and support the measure [words indistinct] for tomorrow. We were planning to meet here in my home, but since I am still ill, fellow delegates decided to meet at federation installations. My colleagues have resolved to resume regular activities tomorrow so long as the guarantees are still standing.

Now [word indistinct] they will take care of putting the vehicles away in the garage of [word indistinct] to prevent any possible attacks against us. So far we only have 37 vehicles operating in the city of Quito.

Regarding the subsidy, 1 million sucres have been accepted for vehicles that use gasoline engines and 700,000 sucres for those that use diesel engines.

In view of this, we have confirmed that the government's offer is not fair or complete. Fellow delegates have been willing to sacrifice for Ecuadoreans' peace of mind. I believe the government's offer is not fair because the highest fares remain unchanged, and transportation workers will have to be compensated by the transportation sector.

[Ramos] Many thanks, Mr. Penafiel, for your participation. We reiterate the announcement that transportation workers will resume their regular operations tomorrow.

Protests Continue; Aircraft Drop Tear Gas Bombs

PA0302003194 Quito Cadena Ecuador Radio in Spanish 2300 GMT 2 Feb 94

[From the "The Reporter" newscast]

[Text] After the announcement of an increase in fuel prices, strong demonstrations took place around the country, especially in southern Quito, where clashes with students and workers in some enterprises were continuous.

Also, in the north, groups of Indians entered the towns of Cayambe, Otavalo, Ibarra, San Gabriel, Huacas, and Cristobal Colon and blocked the Pan-American Highway, thus preventing the movement of vehicles.

As a result of the demonstrations in Quito, approximately 50 people are under arrest and, at the orders of the police commissioner who according to the law must punish them for breaking the law, will be fined between 60 and 120 sucres and serve four days in jail.

Approximately six aerial incursions took place between 1 and 2 February over Quito, especially over places where students were protesting. The aircraft dropped tear gas bombs to disperse the demonstrations.

Ministers, Congress President Comment on Labor Protests

PA0302002594 Quito Cadena Ecuador Radio in Spanish 2300 GMT 2 Feb 94

[From "The Reporter" newscast]

[Text] Government Minister Marcelo Santos has made a call for understanding, good sense, and prudence to ensure there will be no regrettable incidents during the labor strike. The minister did not rule out the possible of militarizing the country for the duration of the strike should the situation warrant.

[Begin Santos recording] I want to urge Ecuadorans to reflect on the situation. I want them to understand that the president [words indistinct] adopt measures that could weaken—in one way or another and to a greater or lesser extent—citizens' purchasing power without regard to established levels and also being aware of the political impact that this could have on him and his government, is adopting the necessary steps to effect authentic economic recovery in Ecuador. [end recording]

Congress President Samuel Belletini described as sadistic the economic measures implemented by the regime that will supposedly cover the fiscal deficit. He added that demonstrations and protests are just, in view of the harshness of the economic package, because once more the government is attacking the living conditions of Ecuadorans. The people cannot bear this situation any longer because they are confronting serious problems to secure basic staples, he said.

[Begin Belletini recording] What can I say to the poor of Ecuador, to laborers, employees, and workers? I can only tell them to be courageous and to struggle, to struggle for their lives and for dignity, and to struggle for the future of their children. Messrs. Reporters, also ask me what I have to say to the president. Mr. President, Mr. Vice President, please, the people cannot endure more taxes. The anguish, fear, and pain that the poor are suffering grows worse by the day. Rectify this tariff that is really a disguised tax through an increase in gasoline prices. Listen to the Congress' opinions. Join the Congress by supporting this law that injects life into the productive apparatus. [end recording]

Labor Minister Alfredo Corral termed as understandable the workers' strike [words indistinct] that the economic measures are harsh. He urged workers to conduct protests in a peaceful and calm manner. [Begin Corral recording] We understand that the harsh measures that the government had to implement caused a popular reaction. The dialogue, however, is still completely open to deal with this and any other problems. We think [words indistinct] decrease in funds caused by a drop in oil prices, the paralysis of activities in the country. Quite to the contrary, the country must produce more [word indistinct] with the efforts and work of all Ecuadorans, and it will never [words indistinct] solution to problems. [end recording]

Paraguay

Wasmosy Returns Home; Will Examine U.S. Military Aid Offer

PY0202142794 Asuncion NOTICIAS in Spanish 2 Feb 94 p 9

[Text] President Juan Carlos Wasmosy last night said that he has yet to make a final decision regarding the U.S. Government's offer to deploy 600 U.S. servicemen in Paraguayan territory for five months, to erect a number of buildings in San Pedro Department.

Wasmosy denied having earlier expressed an opinion on this matter. He noted that all he had done so far was to meet with military representatives at the Armed Forces headquarters and with members of the Congressional Standing Committee to hear their views on this matter.

Wasmosy, who made these remarks last night upon his arrival in the country after visiting Ecuador and Peru, also announced that the Paraguayan Government will convey its decision to the United States through the Foreign Ministry.

A controvery over this issue erupted among politicians and lawmakers during Wasmosy's absence. Several congressmen have voiced support for the entry into our country of the U.S. servicemen. Asked whether his answer would be positive or negative, he said he would answer this question as soon as "I arrive and have time to stop and think about it."

Joint Communique on Trade, Investment Signed With Ecuador

PY0202141494 Asuncion NOTICIAS in Spanish 30 Jan 94 p 19

[Report by "special correspondents"]

[Text] Quito—Paraguay will supply Ecuador with breeders and genetic material to help that country develop its cattle breeding sector, especially in tropical and subtropical zones. This was yesterday stated in a joint communique signed by Presidents Sixto Duran-Ballen and Juan Calos Wasmosy at the conclusion of the official visit by the Paraguayan chief of state.

Air Transport

Taking into account the cargo transportation difficulties that the two countries have, with a lack of connections that could further promote tourism and commerce, the presidents emphasized the importance of air transport for promoting development between the two nations. They agreed to instruct the aeronautical authorities in their respective countries to continue and to intensify the dialogue on the benefits of an agreement for air transport between the two nations.

The presidents also reaffirmed their support for the role played by ALADI [Latin American Integration Association] in the current situation, particularly as it refers to subregional integration agreements and to the promotion and liberalization of regional commerce.

In this regard they expressed their firm position with respect to the observance of the preferential treatment provided for by the Treaty of Montevideo of 1980 for the countries of lower relative development.

Agreement Between Paraguay and Ecuador for the Protection of Investment

Presidents Wasmosy and Duran Ballen also attended a ceremony during which Foreign Ministers Diego Paredes and Luis Ramirez Boettner signed a bilateral agreement for the promotion and reciprocal protection of investment.

Under the terms of this agreement each side promised to promote, within its territory and to the extent possible, investments by the other side, putting them under its own laws and regulations.

The agreement notes that the party that has admitted investment in its territory will grant the necessary implementation permits.

Type of Investment

The agreement defines the type of investments that will be admitted, and each party promises to protect them within its territory, granting them the treatment of more favored nation.

This implies fair and equitable treatment, no less favorable than the treatment that each party grants to its own investors or to third states.

Both sides also guarantee that the investors who avail themselves of the terms of this agreement may freely transfer the payments corresponding to their investment.

Peru

Dailies Assess Impact of U.S. Secretary Watson's Visit

PY0302014694

[Editorial Report] Lima EL COMERCIO in Spanish on 26 January, on page A2, carries a 600-word article by Rafael Rey Rey entitled "The Mote in Another's Eye," referring to the recent visit by the U.S. assistant secretary for inter-American affairs, Alexander Watson.

The commentary states that although the U.S. delegation had to admit the progress made by Peru during the past few years in various fields, it still let Peru know that the U.S. Government and Congress "are still concerned and closely watching Peruvian developments and have recommendations to make in the human rights field."

It then goes on to say that it would be a good thing if these recommendations were directed to the human rights of the victims of terrorism, the unemployed, the homeless, the hungry, and the uneducated, but that unfortunately there are only 180 alleged cases of torture reported by an unknown organization for the defense of human rights.

Rey then rejects the so-called human rights defense institutions that only damage the country's image with their "distorted" reports, and notes that the members of the Peruvian leftist, Marxist, and socialists sectors, as well as opposition members, who used to greet U.S. representatives with insults in the past now enthusiastically applaud the U.S. recommendations.

After explaining that a U.S. delegation member was unable to say with what moral authority the United States, with numerous cases of human rights violations, made recommendations on human rights, the article ends by stating that if the U.S. Government and Congress fail to acknowledge Peru's achievements after this visit, it is time for Peru to clearly tell the United States that, although it appreciates its aid and cooperation, it is no longer willing to be humiliated.

Lima EXPRESO in Spanish on 26 January, on page A26, carries a 1,100-word "commentary" by Federico Prieto Celi entitled "One Should Not Wash One's Dirty Linen in Public," also referring to Watson's visit.

The article comments that the visit has revealed that those who followed Moscow in the past now are siding with Washington's reports on the Peruvian Government's alleged shortcomings before another government as if Peru were its subordinate.

The commentary says Washington has gained courage with the USSR's downfall and feels entitled to tell Peru how to behave when the United States itself has serious human rights problems. The "commentary" notes that in democracy each country should solve its own problems with its own tools, and that those who "talk about dependency and domination are not valid interlocutors to tell Washington today what they told Moscow yesterday about what the Lima Government should be."

The "commentary" ends by stating that democracy is not a product the United States exports, and that Peruvians should calmly realize that the national problems and solutions do not come from abroad but rather from their own roots, their current challenges, and the democratic will of the people.

Fujimori, Paraguay's Wasmosy Sign Joint Declaration

PY0202193094 Madrid EFE in Spanish 0752 GMT 1 Feb 94

[Text] Lima, 1 Feb (EFE)—In a joint declaration, Peruvian President Alberto Fujimori and Paraguayan President Juan Carlos Wasmosy expressed here their decision to give "a renewed, vigorous" boost to their countries' bilateral ties.

The declaration reiterates the traditional friendship existing between Paraguay and Peru and outlines their decision to strengthen cooperation and their political, economic, and cultural ties.

The two presidents signed the document at the Golden Hall of Government Palace in Lima in the evening of 31 January, on the first day of Wasmosy's two-day official visit to Peru. This is the first visit by a Paraguayan head of state to Peru.

The declaration firmly condemns terrorism, which it characterizes as a systematic and deliberate form of violating human rights that poses a threat to the stability of the democratic system.

The two presidents state that they are committed to implementing a policy that will improve the standard of living of their people, especially those in low-income groups.

In their declaration, Fujimori and Wasmosy reaffirm that socioeconomic development must go hand in hand with

the preservation and rational use of natural resources through a mechanism designed to protect and preserve the environment. They also express their support for efforts to consolidate integration processes in the region.

They also state that it is their common objective to gradually build "a great zonal and continental market" in which the Paraguayan and Peruvian economies would interact "dynamically and in a balanced fashion."

They also vow to promote negotiations with a view to building a highway that would link Asuncion, the capital of Paraguay, with the Peruvian cities of Ilo and Matarani.

The two presidents convey their "deep concern" over the steady rise in the drug trade and the unlawful consumption of narcotics.

Prior to signing the joint declaration, Fujimori and Wasmosy signed agreements designed to fight the drug trade and the unlawful consumption of narcotics, to promote and give mutual protection to investments, and to promote cooperation between the diplomatic academies of the two countries. They also signed a memorandum of understanding on technical cooperation between the two foreign ministries.

During day one of his visit, Wasmosy was received in the Peruvian Congress and declared an "illustrious guest" by the Lima city government.

Today, 1 February, Wasmosy will visit an exposition of Paraguayan handicraft and, accompanied by his Peruvian counterpart, will dedicate a school bearing the name of "Colonel Jose Felix Bogado," a Paraguayan citizen who took part in the expedition to liberate Peru led by General Jose de San Martin.

Wasmosy will first decorate Fujimori with the Francisco Solano Lopez National Order of Merit and then will host a reception in his honor.

'Secret' Shining Path Document Assessed

PY0202173794 Lima LA REPUBLICA in Spanish 26 Jan 94 p 18

[Editorial: "Playing with Fire;" bolded passages as published]

[Text] The secret Shining Path [SL] document which LA REPUBLICA published on 25 January answers several questions concerning the negotiations between Fujimori's administration and the SL leadership in prison, and gives rise to other questions.

This is why we chose to make it public as soon as we were able to fully authenticate it through the anonymous sources that conveyed it to us and the experts whom we consulted. Everyone agreed it was either a document written by the SL leader himself or a transcript of Abimael Guzman's [AG] report to the leadership meeting of this subversive group at the Callao Naval Base [the prison where they are being held].

In any case it was clearly our duty to make the document public, given the mantle of silence that the government has cast over negotiations in which the future of all Peruvians is at stake and about which nothing is reported probably in keeping with Fujimori's "do first, announce later" approach which has greatly harmed our democracy in the past few years.

First, the document makes it clear that as far as AG is concerned the required peace agreement does not imply a demobilization and a surrendering of arms. AG sees the signing of the peace agreement as a kind of **armed truce**, a halt along a road which may last 10 or 15 years, after which—"having strengthened its links with the masses"—the SL would resume its bloodbath.

Therefore, the agreement in question has nothing to do with the quest for peace in Peru the way most Peruvians see it. There is a reason for this: The fundamentalist leader—and probably the other SL leaders that follow him—believe that this armed gang **has not been defeated** either militarily or ideologically.

This means the defeats the group has been experiencing since 1988 are mere setbacks in a long-term struggle. These setbacks are serious and have led the SL to lose some ground—as AG himself admits by stating that the conditions essential for the "victory of the popular struggle" are no longer present—but this cannot be looked upon as a defeat.

Let us make it clear that AG scornfully relegates the change in what marxists call "favorable objective international conditions" to the sixth place ("it is a necessary element but not the main one," he adds), rating it well below the problems created for the SL following the arrest of its top deity and most of its leadership. In sum, displaying very little modesty, the lack of a "proletarian leadership" which "will take some time to resolve" (which tells us, by the way, that AG does not consider his life sentence as definitive) is blamed for the setback.

At the same time, AG's disdain for the performance of SL's "hard" faction led by Feliciano [Oscar Ramirez Durand, top SL leader in Ayacucho] clearly indicate a split in the terrorist group and a lack of communication between the two factions. We unable to do so, but it should be established whether this lack of communication is circumstantial (some SL leaders are in prison while others are free) or deliberate. In the latter case we would be dealing with a splinter faction led by Feliciano which has decided to pay no heed to Guzman's directives.

But AG views "Feliciano's faction" as **recoverable**, as can be deduced from one of AG's political conclusions which states that the "struggle between two factions" should seek unity, adding that "one must work to keep the scattering of forces to the bare minimum." The document adds, however, that "we should be prepared for the possibility that only a few of us will be left," and "those will be the most tested ones." Once again, it is implied that defeat is out of the question and that AG will play an **active role** and exercising leadership from inside prison (undoubtedly the government has created circumstances to make this possible).

Finally, it should be noted that AG suggests "changing our language," adding that **diplomatic talks are underway between the SL and the Armed Forces through the government.** Aside from his strong disdain for Fujimori's administration (which he treats as a mere go-between), AG continues to hang on to his long-standing obsession that it all comes down to a clash between two military forces, disregarding everything about the civilian institutional order that gets caught in the middle. Paradoxically enough, this disregard for the institutions is what the SL has in common with Fujimori's administration.

This is an initial evaluation of the document, which undoubtedly lends itself to further analysis. The important point right now is to unveil the dangerous tactics of Fujimori's administration implemented through the publication of AG's letters and their obvious manipulation for electoral reasons during the campaign for the referendum.

Various circles share the opinion that Fujimori's administration is trying to bring about a peace agreement with the SL without realizing that it is playing into the hands of SL's top leader, who has been put back into circulation in a very obvious effort to prove that he is still at the helm of the subversive gang.

In other words, President Fujimori is laboring under the pressure of his own promise that the SL will be defeated by 1995 and is beginning to feel that he is running out of time in his quest for this trump card which can get him reelected. AG knows this very well and he is trying to take the best possible advantage of the president's haste.

The risks that this situation poses are obvious: A peace agreement is already being discussed although armed actions have not been suspended and nobody is talking about laying down arms, thus a truce that will last a few years is being misrepresented as real peace.

Furthermore, all the latest documents of the SL address the need to "lay the foundation for the second congress" of the subversive gang. This obviously implies that the SL will continue to operate even if it has to do so under the until now abhorred guise of a political party. Should this be the case the "strengthening of the links with the masses" will simply mean preparing them for the future uprising.

We believe the time has come for Fujimori's administration to explain to the country the status of its negotiations with the SL leadership. It is obvious that it is not necessary to disclose the details of these negotiations. The citizenry, however, must understand the goals of these talks because this SL document leaves the impression that—perhaps involuntarily—the government is helping the man who has caused more deaths, sorrow and destruction than anyone else in Peru, to achieve his sinister objectives.

Leftists Make Declaration for Action, Unity

PY0202203694 Lima LA REPUBLICA in Spanish 19 Jan 94 p 7

[Text]

Declaration for a Democratic and Sovereign Peru With Peace Based on Social Justice

Those of us who sign this declaration have begun talks seeking to generate a current of action and thought that will permit us to converge for the creation of a broadly based Promotion Committee in order to unite the left and people's movement. This committee will be integrated with representatives of political parties and movements; regional leaders; labor, neighborhood, and youth leaders; and progressive leaders. They will combine the efforts of Peruvian social and political movements to propose political initiatives and actions for a democratic alternative to the country. They also will represent citizens' aspirations for peace with social justice in order to fight the neoliberal project and Alberto Fujimori's authoritarian government's attempt to stay in power.

This is a starting point for a dialogue and a new attitude for the democratic and socialist left. From this platform we want to promote the broadest programmatic debate possible in light of the latest changes in Peru and the world and in order to generate a new practice with people's and social forces. It also is the beginning of an intense collective reflection on our role in Peruvian national life in the past decades, a reflection with deep self-criticism on past mistakes and the commitment to overcome them in order to assume the responsibilities the people and Peru demand of us.

We wish to call on all those who individually or collectively—and from a socialist, democratic, and deeply Peruvian perspective—might want to join our efforts and commit themselves to fight for a modern and efficient economy implemented with solidarity; for the full implementation of social and political rights; for the country's moralization; and for respect for human rights. Those who join us will be involved in the construction of a National Project for Development, Modernization, Decentralization, with Sovereignty and Peace, and Based on Social Justice in order to make our country really viable.

To this effect, we will promote numerous regional and local events nationwide to discuss in an ample and democratic manner your opinions regarding the unity of the left and the people's movement within the national political context and the responsibilities of the current national situation. These discussions will be conducted with the participation of political parties and movement leaders, different personalities, intellectuals, social and regional leaders; members of this vast progressive and people's sector. These opinions will be studied in a session at the national level. We propose to hold it as soon as possible so we will be allowed to establish the proposed Promotion Committee and thus undertake a joint Action and Working Plan.

In line with this effort to achieve the unity of the left, we hereby express our willingness to hold a constructive dialogue with other political and social organizations that will help establish a vast national civic movement for Democracy and Peace based on Social Justice. Lima, January 1994

Political Organizations

Democratic Left Movement—MDI

Peruvian Communist Party—PCP

Socialist Revolutionary Party—PSR

National Union of the Revolutionary Left—UNIR

Socialist Political Action—APS

Non-Party Movement—No-Par

Unified Mariateguista Party—PUM

Democratic Socialist Party—PSD

Student-Peasant-Worker Popular Front—FOCEP

Union and People's Leaders

Teodulo Hernandez (CGTP [General Confederation of Peruvian Workers]); Jose Luis Risco Montalvan (FTCC [Federation of Peruvian Civil Construction Workers]); Rosa Landavery (CNC [National Peasant Coordinating Board]); Jose Bolo Bancayan, (TALARA); Isidoro Gamarra (CGTP); Mario Huaman (FTCC); Andres Luna Vargas (CCP [Peasant Confederation of Peru]); Patricio Bermeo (Piura); Cesar Sosa Cilupu (Piura); Misael Pintado Guerrero (Piura); Domingo Cabrera Toro (Fenutsa [expansion unknown]); Tolentino Quispe Bernal (Mercados [Markets]); Juan Romero (Piura Shantytowns); Carlos Chiriachi (Piura); Carlos Quinde (Piura); Walter Temoche (Sullana); Joaquin Gutierrez (STBN [expansion unknown]); Jose Rivas G. (Chulucanas); Pablo Zapata (FNTMMP [National Federation of Peruvian Mine Workers]); Caros Jimenez (CITE [Intersectorial Confederation of Public Employees]); Jose Saldana R. (PescaPeru [State Fishmeal and Fish Oil Production Agency]); Nancy Moreno H. (Independencia); Carlos Lopez Jimenes (FRADEPT [expansion unknown]); Fortunato Sosa Roque [Piura Shantytown]; Valentin Pacho (CGTP); Manuel Cortez F. (CGTP); Soledad Lozano (SUTEP [Trade Union of Education Workers]); Maximo Adrian (CNA [National Agrarian Confederation]); Walker Challco (Puno); Marcial Uceda (FEP Board Presidents [Federation of Peruvian Students]); Manuel Zegarra (Paita); Eduardo Castillo (FEB [Peruvian Bank Employees Federation]); Cesar Rojas Tafur (Piura); Felix Martinez (CITE); Miguel Cumpa (PescaPeru); Victor Villaseca (Piura); Felix Castillo (Piura); Mario Moscol More (town of Catacaos); Jacinto Sacsara (FAD-Ayacucho [expansion unknown]); Cesar Chiroque M. (Chulucanas); Fernando Andrade (Chimbote); Venancio Aguilar (Cerveceros [beer brewers]); Antenogenes Claudio (FETIMP [Federation of Metallurgical Industry Workers]); Antonio Moreno (Fasma [Selva Maestra Agrarian Federation]); Moises Quispe (FDC-QOSQO [Peasant Departmental Federation-Cusco]); Santos Arcela (FRADEPT [expansion unknown]); Aide Romero (Piura Shantytown); Alvaro Castillo (Sullana Shantytown]; Felipe Chapilliquen (town of Sechura); Walter Garcia Mejia (Piura); Manuel Bernaola (Ica); Lucio Juares (Ica); Hugo Rosas (Arequipa); Flor de Maria Gonzales (Huancayo); Manuel Navarrete (Trujillo); Maximiliano Villalobos (Arequipa); Raul Ramos Montero (Maldonado Port); Grimaldo Cerna (Cajamraca); Sixto Yajahuanca (Quispirito Peasant Patrols- Huancabamba); Agustin Sanchez Cieza (Cajamarca Peasant Patrols); Humberto Rimaccun (Piura Peasant Patrols); Balbino Nolasco Masa (Piura Urban Patrols); Wilfredo Ambulay (Central Andean Peasant Patrols); Amadeo Cordova (Nuevo San Vicente Agrarian Association); Henry Rondinel (Tacna); Carlos Paredes Gonzales (Cusco); Jorge Baca Luna (Chimbote); Jose Barletti Pascuale (Iquitos); Alberto Quintanilla Chacon (Puno); Felipe Cisneros (Chira Valley); German Fernandez (Piura); Alejandro Encinas (Ica); Maximo Perez (Ica); Isabel Davila (Huanuco); Hector Ballon (Arequipa); Hermogenes Villanueva [not further identified]; Jose Orellana (Huaraz); Jose Llosa (Puno); Silvestre Asto (Ilo); and Efrain Vasquez (Huacho).

Socialists and Independent Personalities

Enrique Bernales B., Alfonso Benavides Correa, Oswaldo Aspilcueta, Federico Garcia Velarde, Eduardo Caceres, Eduardo Gonzales Cueva, Victor Granda, Gustavo Mohme Llona, Agustin Haya de La Torre, Violeta Vds. de Valcarcel, Juan Rheineck, Gonzalo Martin Mandly, Angel Castro Lavarello, Ercilio Moura, Oscar Dancourt, Efrain Ruiz Caro, Manuel Acosta Ojeda, Alberto Otarola P., Carlos Monge, Raul Acosta Salas, Jose Orellana Meija, Augusto Zuniga Paz, Pablo Checa Ledesma, Alvaro Vidal Rivadeneyra, Francisco Soberon, Fernando Tuesta, Eduardo Ballon, and Enrique Soto Leon Velarde.

Provincial Mayors

Jose Mejia (Carhuaz); Luis Gonzales F. (Quispicanchis); Cesar Fernandez Callupe (Bolognesi); Serapio Quispe Solorzano (Azangaro); Hector Flores Leyva (Huari); Erasmo Cortegana (Tayacaja); Walter Silva (Santo Tomas); Dionicio Pintado (Santa Catalina, Morropon); Jorge Quiroz V. (Aymaraes); Paulino Leon Soto (Barranca); Teodoro Cardenas (Yauli-la Oroya); Lima Lopez Alcantara (Chalaco-Morrpon); Raul Augirre C. (San Ignacio); Carlos Carrasco (Acomayo); Isauro Jordan C. (La Convencion); Francisco Huaman Neyra (Lalaquiz).

Political Leaders

Nicolas Alcazar, Cesar Barrera Bazan, Rolando Brena Pantoja, Fernando Bossio, Julio Castro Gomez, Jesus Caceres Fanola, Jaime Cruces Rosas, Manuel Castillo Cabrera, Jorge Chumpitaz, Jorge del Prado Chavez, Javier Diez Canseco, Manuel Dammert, Julio Diaz Palacios, Ronald Gibbons, Jorge Hurtado Pozo, Guillermo Herrera, Blas Heredia, Manuel Huaray, Luis Iparraguirre, Andres Luna Vargas, Ricardo Letts, Genaro Ledesma, Jose Martinez, Alberto Moreno, Fenrnado Millones, Hugo Ortiz, Henry Pease Garcia, Jorge Pizarro, Gualberto Portocarrero, Wilder Pisco, Guzman Rivera, Eleazar Ramos, Renan Raffo, Cesar Sanchez, Oscar Ugarte, Tany Valer, Guillermo Venegas, Luis Valer.

Peasants Return to Traditional Crop Growing in Huallaga

PY0302013094

[Editorial Report] Lima EXPRESO in Spanish on 19 January on pages 14 and 15 carries a 900-word article by Liz Mineo on the serious crisis affecting San Martin Department due to the reduction of drug-trafficking activities in Huallaga in the last few months.

Peasants are learning a hard lesson because they cannot sell drugs due to the shortage of flights and low prices; therefore, they have discovered that "coca is no longer the remedy for all their ills." A peasant in the Tres Unidos settlement, 250 km from Tarapoto, said: "When I was growing corn or yucca I could eat them if I did not sell them. But if I don't sell coca I cannot eat it."

The great majority of peasants in Huallaga abandoned agricultural production to grow coca and make cocaine base, which was more profitable and easier to sell. During the 1991-92 agricultural season in San Martin Department, peasants planted 16,524 hectares of corn, which was about half the area planted the year before.

Coffee production was affected most, dropping from 3,149 hectares in the 1990-91 harvest to 143 hectares the year after. The same thing happened with beans, dropping from 3,945 hectares in 1990-91 to 1,388 hectares the next season. Even banana production dropped considerably. A Juanjui peasant said: "In the jungle we were eating bananas grown in the coastal region. We were all going crazy growing coca."

Although coca fever has not ended, police were able to reduce drug trafficking activities in Huallaga, thus reducing drug prices considerably. Tingo de Ponaza Mayor Enrique Reategui said: "Peasants now are more willing to grow other products because coca growing has become risky and not very profitable."

During the 1992-93 agricultural season, peasants planted 34,443 hectares of rice; two years ago it was only 22,723 hectares. During the same season, peasants planted 18,753 hectares of corn, which was 13.5 percent higher than the year before. Cotton production also increased considerably, going from only 53 hectares in 1991-92 to 1,173 hectares. One Taraporo peasant said: "We will continue growing coca but we are back growing corn, bananas, and yucca to have something to eat when we are not able to sell coca."

Some people believe the increased rice and corn cultivation is a demonstration of agricultural reactivation in San Martin. One of the most optimistic is Gonzalo Villavicencio, president of the San Martin Regional Government, who said: "Agriculture is in full reactivation because there is greater support by the government and a trend by peasants to get on the legal path."

Many peasants have abandoned coca growing, but many more are willing to begin poppy growing because it is more profitable than traditional crops, the article concludes.

Protect Drug Traffickers

PY0202135894 Lima EXPRESO in Spanish 20 Jan 94 p A15

[Text] A high-ranking officer at the Santa Lucia police base has reported that a group of peasant patrols located in Peru's coca-producing regions is offering protection to drug traffickers operating in these areas, in exchange for large sums of money.

The police officer, who asked not to be identified, added that in view of this it is very likely that the peasant patrol members will refuse to hand over the guns that were supplied to them by the government to protect their towns against terrorists.

He said that the Peasant Patrols have cooperated actively in the pacification of the country, and that through their active presence Shining Path and the MRTA [Tupac Amaru Revolutionary Movement] lost a great deal of their prevalence.

He said that, unfortunately, the strong economic incentive offered by drug traffickers for looking after coca farms allows the peasant patrols to improve their standards of living, while no alternative development programs have been promoted for cultivating other products instead of coca.

Moreover, intelligence service reports state that there are bad armed forces and police officers detached in the area who are also offering protection to drug traffickers in exchange for money.

The staff at the Santa Lucia base, which was built with the DEA's support to combat drug trafficking in the Upper Huallaga region, is already aware of the situation.

As an example of these charges, the police officer said that the peasant patrols in Pampapalma, in La Mar Province, Ayacucho Department, "do not allow the police to enter the area, and openly support drug traffickers."

Uruguay

Economy Minister Interviewed; Criticizes Opposition

PY0202182494 Montevideo EL OBSERVADOR ECONOMICO in Spanish 24 Jan 94 p 9

[Text] If the government does not adopt fiscal measures, this year's deficit will total 1 percent of the GDP (some $140 million). As a result, the economic team is "reviewing the figures" so that the deficit does not surpass 0.5 percent of the GDP, Economy Minister Ignacio de Posadas said.

In an interview granted to radio station CX 24 Nuevotiempo, the minister confirmed in broad outline the economic measures contemplated for 1994. He made a positive balance of the government's economic policy and, analyzing his recent interpellation by Congress on the national industrial situation, he again criticized Congress for what he called its rejection of the implementation of structural reforms.

The minister justified the hard tone he used to reproach opposition congressmen over their "double discourse."

He said that the promoters of the interpellation had "political intentions," particularly Senator Hugo Batalla, and added that they had thus been trying to "recover a lost role as protagonists."

De Posadas held the Broad Front, the New Sector coalition, Crusade 94, and the Batalleist Forum responsible for increasing the expenses approved by Congress during the debates for the approval of the last national budget.

The minister emphasized the "contradictory position" adopted by these parties and said that, while proposing a constitutional reform to allow a more smooth administration, they "prevent the administration from governing the country, and paralyze the Executive Branch."

After pointing out that despite the unfavorable international situation the national employment and salary indexes are acceptable, the minister criticized the opposition's "refusal to accept the government achievements, and their drastic attitude in calling for an interpellation." The minister said this attitude is motivated by political reasons.

Regarding the industrial area's situation, the minister admitted that several industries are facing hard times, and said that these difficulties are "normal in a process of transformation."

He denied the need to protect the industries, and pointed out that Uruguay has the largest list of exceptions in the Mercosur [Common Market of the South] customs fees reduction process, as well as several mechanisms—such as the minimum export prices, reference prices, and a board to evaluate imported products—to protect its industry. He said there are some 50 such measures.

"No administration can guarantee economic welfare; this does not exist. It is senseless and entirely absurd, in addition to harmful, to ask the government to say which economic sector will survive and which will not," he said.

He deemed the Chamber of Industries document analyzing the situation of the industrial sector "slightly inconsistent." He said the Chamber "criticizes the idea of reducing customs fees, and says that this has not been reflected in the economy or forced prices down, because the middlemen keep the difference. If this were true, however, the industries would still have no reason for concern, because any other effective protection is similar to what we had previously."

He also refuted the assertion that the government is not stimulating the productive sector. As an example, he said that the tax exemption granted to the companies deemed of national interest represents a $50 million to $60 million drop in government revenue.

Venezuela

Rafael Caldera's Inaugural Speech

PA0202163494 Caracas Radio and Television Networks in Spanish 1435 GMT 2 Feb 94

[Inaugural speech by Venezuelan President Rafael Caldera at the Congress of the Republic in Caracas—live]

[Text] President and Vice President of the Congress; President of the Supreme Court of Justice; Your Eminence Cardinal Jose Ali Lebrun, Archbishop of Caracas; Prosecutor General; President and members of the Supreme Electoral Council; President and Magistrates of the Judiciary Council; former President of the Republic; Ministers of the Executive Cabinet; Governor of the Federal District; Comptroller General; Attorney General; Your Excellency and Most Reverend Apostolic Nuncio, dean of the diplomatic corps; ambassadors; charges d'affaires and international organizations delegates; officers and admirals, members of the High Military Command; Governors; Mayors of metropolitan areas; presidents and directors of the national academies; rectors of the national universities; directors general of the executive offices; presidents of autonomous institutions and state enterprises; delegates of the media; Senators; Deputies; people of Venezuela:

As the homeland's distinguished citizens used to do in the past, I am assuming the office of the Presidency of the Republic, invoking God Almighty, in whose name I have sworn to obey and enforce the Constitution and bylaws. I hereby greet the heads and members of the other branches of the government, particularly the Legislative and Judicial Branches, with which I aspire to hold the best possible relations within the framework of the consideration that each of them deserves, and I pledge to cooperate with them in the fulfillment of the state's goals as stipulated by the Constitution. I hereby greet the state and municipal authorities elected by the people—authorities who operate autonomously. I hope that, as part of the spirit of decentralization that has prevailed in the recent past, we will be able to do the joint work for which the people hope—work aimed at resolving the country's problems and meeting the needs and aspirations of the Venezuelan people in general.

I hereby greet the various sectors of civilian society, whose importance is acknowledged more and more and whose understanding with the public sector is essential to the people's general well-being. I greet the religious authorities, workers, and entrepreneurs. I greet the men and women, Venezuelan and otherwise, who live in our territory, particularly the young people, who are the objects of my concern and hope and whom I hope to have in mind at all times in the government's plans and activities.

I greet the Armed Forces, an essential factor in preserving the democratic system and the country's development. I pledge to virtuously carry out the important constitutional function of being their Commander in Chief with a sense of justice and a permanent concern for their professional and technical progress, as well as their material improvement. In a particularly respectful manner, I greet Your

Eminence the Cardinal, Archbishop of Caracas, and representative of the Catholic Church, to which the majority of the Venezuelan people belong.

Greetings to all of Venezuela's inhabitants. I begin my administration at a serious and complex moment. We are suffering the effects of a deep crisis, which began 20 years ago, paradoxically when the price of our main product, oil, was the fairest. This brought in an avalanche of money that mistakenly made us believe that we were very rich. This illusion of richness forced us to commit endless mistakes. From that time onward we began living a misguided process of chaos and disorder that produced widespread moral decline which lately has caused such a state of affairs that to overcome our problems we will need an intense national effort of solidarity.

President Ramon J. Velasquez, an illustrious Venezuelan who accepted the difficult task of leading the country into a political transition via an electoral process, has completed a job of historic proportions. No matter what the opinions may be about certain aspects of his administration, he deserves the recognition of his fellow citizens because he cannot be blamed for the state of affairs he dramatically outlined in his impressive speech of 28 January.

In the name of all Venezuelans I want to express to him, during this solemn moment, my deepest and sincerest gratitude. President Velasquez was the exception to the traditional change of office ceremony in which an outgoing president claims everything is fine and an incoming president stresses the awful aspects of the situation. In this case, the same person who, after listing his administration's positive deeds, felt the need to bare his conscience as a patriot and historian to put on record the very harsh reality he encountered and has turned over.

Exactly 20 years ago—albiet, less one month and 10 days—I transferred the administration I presided over between 1969 and 1974 to the man who was elected by the people to succeed me. I handed over an orderly country in peace and with a fiscal surplus. I cannot be like singer Carlos Gardel, who once said: 20 years is nothing! No, no way. These 20 years have been profound, and they have greatly influenced our country's life—for good and for bad. Even through there are events that are unquestionably good, events have also occurred that are decidedly bad—events that have threatened the very democratic institution that cost so many Venezuelans so much effort, so many struggles, and so much suffering.

Venezuela today is a very different country from the one I handed over 20 years ago. The population has, of course, increased substantially. From 12 million inhabitants, it has increased to more than 20 million by the end of 1993. The birth rate has diminished reasonably from 3.47 percent to 2.99 percent, which is still high compared to more developed countries. Life expectancy has increased, thereby increasing the number of people over the age of 15, which at that time represented more than 52 percent of the population, to some 58 or 59 percent. The urban population, which was 73 percent, is now 84 percent, which highlights the very serious duty we have to slum dwellers in the large cities.

Economic figures have undergone astronomical changes. The budget has gone from 14 billion bolivares to 1.4 trillion bolivares—a figure which, despite the devaluation of our currency, represents three times the previous figure in real terms of U.S. dollars.

The GNP has increased by more than 50 percent, but per capita income and real salaries have dropped. The inflation rate, which was 5 percent, is now more than 40 percent. The foreign debt, which was $3 billion, is now more than $30 billion. Unemployment has grown from 6 to 12 percent, and these figures could be misleading if we do not take into consideration that 40 percent of the active population functions within the underground economy.

The housing deficit is overwhelming. Public services have deteriorated. The cost of living is suffocating the middle class and the poor. The cost of borrowing has climbed dreadfully, and high interest rates are making it impossible for producers to ask for loans.

The agricultural sector was on the verge of collapse, but it is fair to commend the work carried out by the Velasquez administration and its agriculture minister, Hiram Gaviria.

Industrialists who were not prepared to compete in open markets are suffering the inevitable consequences of the sudden opening to foreign competition.

The value of the Venezuelan currency, which carries the name of our liberator and that used to be a symbol of stability, has dropped twenty-fold, and its plunge is continuing.

The economic situation is the main concern of the government over which I will preside. It has to be the main concern of all the Venezuelans.

The country is suffering from stagflation: There is no economic growth, but there is a rampant increase in prices. The people know perfectly well this is a difficult situation and they know that miracles cannot be performed.

I did not promise miracles during my election campaign, and I cannot offer them today, but I can assure you this is what the people want from the government being inaugurated today—to work tirelessly, honestly, and with interest in serving, and to face the terrible problems that have been created because of irresponsibility, inefficiency, and corruption in the past few years.

Some believe we should declare a state of emergency to face this crisis and implement a war economy. There are enough reasons for doing that. It is necessary, however, to use the methods offered by the de jure state, methods that are enhanced because all the sectors of the nation have expressed support for these methods.

Others have said, almost defiantly, there is no alternative but to impose, with rigid neoliberal orthodoxy, more

dramatic adjustments that will yield, they think, fruits in the mid- or long term. They have forgotten that complex ties link the economic and social aspects and that if the latter disintegrates there will be no way of generating trust for attracting investments and for kindling economic dynamics in the short-, mid-, or long term.

I will be both optimistic and prudent. Faced with two radical options—the populist and the neoliberal—I resolve to seek a commitment of solidarity with emphasis on the social aspects.

I want to trust in the reasoning abilities of the country's economic sectors and in the understanding and support of the people. I hope the various sectors do not fail to listen to the desperate calls for putting short-term egotistical interests aside for the sake of the long-term solutions that common sense demands.

The objective of this solidarity commitment is to secure a competitive and modern economy in the framework of social solidarity, with the private sector serving as the engine of economic growth while assuming part of the social responsibilities that have rested until now on the state and the oil economy.

The essential points of this strategy are: 1) We will wage an all-out fight against inflation. 2) We will implement austere public spending to attain a balanced budget and break the inflationary inertia in the short- and mid-term, without restricting social concerns, to which I will give priority. We will begin by setting an example by way of drastic cuts at the Presidency, at my own military house, and in the secret budget. The 1994 budget will therefore be reduced, and we will seek to coordinate fiscal and monetary policies to avoid contradictions in the fight against inflation. 3) We will stress an open economy and competitiveness within the framework of reciprocity. 4) We will implement economic stabilization programs aimed not only at large macroeconomic accounts, but also designed to take into account the basic needs of the Venezuelan family. 5) We will wage an all-out war against waste and corruption in all sectors of the economy, both in the public and private sectors. 6) We will stress openess in the privatization processes required by the country's situation, as well as in measures that tend to democratize capital. 7) We will implement tax policies inspired by constitutional precepts, which I quote: The tax system will attempt to distribute the tax burden fairly according to the economic capacity of the taxpayer, taking into account the principle of progressive taxation, as well as protecting the national economy and raising the the people's standard of living. This is the Article 223 of the Constitution.

This tax policy means this: on one hand, an effective collection of taxes, and, on the other, an in-depth reform of tax laws so that those who have the greatest capacity to pay end up paying the most taxes. [applause]

Regarding tax collection, a report from the Comptroller General's Office dated January 1994 concerning the fiscal deficit and the budget includes this impressive statement, and I quote: Studies by the Treasury Ministry and the Central Bank of Venezuela, as well actions by the Comptroller's General's Office, enable us to estimate that there is tax evasion of approximately 70 percent in terms of tariffs, tax contributions, and fines, without taking into account the income from petroleum products and income tax on the oil industry, unquote. This tax evasion represents a huge amount of money lost because of inefficiency and corruption. My government will strongly and firmly fight these two maladies. I trust that the results will considerably reduce the fiscal deficit.

Regarding tax reforms, I must be very clear in the position I uphold. I said in my letter of intention to the Venezuelan people during the electoral campaign, and I quote: We must stress the need to reduce and realign spending, radically improve tax collection immediately, and implement tax reforms to increase income, as well as distribute taxation with a sense of fairness to ensure that those with the most income have the biggest burden. Likewise, the value-added tax, the VAT, will be suspended because it is an unfair burden on consumers with less income, unquote. [applause]

In line with this promise, as soon as the new government is installed, the finance minister will present to the legislative chambers the draft bills proposed by the executive branch on urgent tax reforms in an effort to immediately confront the difficult situation created by the fiscal deficit. For the time being, we will request the elimination of the VAT on consumers [applause], and we will propose a series of fiscal measures, such as a selective tax on wholesalers, a luxury tax, and substantial reforms to the income tax, all of which are aimed at modernizing public finances so that taxes yield more progressive and productive results. At the same time, we will substantially improve public spending effiency, which is a matter that cannot be postponed and has been made worse by the deterioration of the oil market.

One main objective of our economic policy is to change the old disguised-as-modern system that called for economic growth while propping itself on unrestrained public expenditures.

The state's role is to promote and to govern. The objective is to encourage domestic and foreign private investments in the framework of legal and economic security and to stimulate, with proper measures, the reactivation of essential production sectors.

Short- and mid-term fiscal projects are not the only concern and interest of the government, which is interested in essential reform to the national economy. This is why I have designated a state minister whose responsibility will be to study and analyze long-term economic projects. We are on the threshold of the 21st century and we cannot limit ourselves to searching for ways to resolve situations that have arisen at the end of the 20th century.

No one can guarantee that in a society like the Venezuelan society, which is in the middle of a transition from a bonds-holding economy to a productive economy, no risk is involved. I can assure you I will make every effort to have a straightforward and trustworthy regime, and there

will not be uncertainty in our exchange policy. I clearly announce, once and for all, that my government does not plan to impose a maximum devaluation or exchange controls. [applause]

Five years ago, it was announced that the production mechanism would be changed to make it competitive. This did not yield the promised results. Now it is not a matter of simply changing the mechanism, but of avoiding its collapse. This is why one fundamental objective of the solidarity commitment I am promoting is to implement a realistic and viable program that should encourage production and productivity and bring down interest rates. Right now, high interest rates make it impossible for large, medium, and small businessmen to utilize banking services. [applause]

According to what the labor and capital sectors want, a social solidarity program must be initiated. This program, which would take place as a dialogue for solidarity, should imply not only an institutional reordering but also the creation of public and private pension funds of a complementary nature as well as constructive discussions and analyses about social benefits and the guarantees workers should enjoy at the conclusion of their labor relations.

We will support the agricultural and livestock sector, which was severely punished by the economic readjustments and uncontrolled opening of recent years.

Priority attention will be given to guaranteeing nutritional needs. Investments in agriculture and livestock, industry, and human resource sectors will be the determining factors of the new, sustained economic-growth phase.

Production efforts in the agricultural sector will be the recipient of special encouragement and support. This implies respect for a legal and personal security system for the people in rural areas. We will encourage fishing activities, both industrial fishing in national and international waters, the development and consolidation of small-scale fishing, and the breeding of various aquatic species.

We will also support productive forestry activities while carefully protecting our ecological system.

The evolution of science and technology has brought substantial changes in the orientation and direction of productive processes directed at overcoming obsolete patterns, readapting structures, and projecting the efforts of industrial and farm workers to the conquest of foreign markets.

Aware of the disadvantages of current mechanisms of commercialization and marketing that establish a tangible difference between what a farmer is paid on his farm and what the consumer pays, my government will promote and encourage the establishment of agroindustrial intermediary structures that will be socially equitable and economically efficient.

Meanwhile, we will offer enthusiastic support to industrial initiatives involving the processing and manufacturing of agricultural raw materials and the manufacturing of industrial products for the countryside, thus we will be inclined to balance and increase farming and industry.

Our investment policy includes broad opportunities in tourism. Tourism investments in Venezuela are very attractive. We will make an effort to offer facilities and incentives to national and foreign investors, and we will work with determination to guarantee public security, which will be a powerful factor in this economic sector.

The country is also faced with the need for large scale public projects that are essential to development, such as the alternate highway from Caracas to the coast, the bridge over the Orinoco precipice, and a number of freeways, some of which were initiated but must now be completed.

In view of the fiscal situation, it is essential to establish a concessions system for the construction of projects. I hope Congress will review the law governing this matter and make it viable so we can take advantage of it now when it is urgently needed.

Small and medium businesses, handicrafts, and microbusinesses will be areas of special concern, convinced as we are of the important role they can play in reactivating the economy and generating jobs.

The recent collapse of an important banking institution, which threatened the stability of the financial system, was the tail end of the moral and economic crisis that has done so much harm. This incident was a serious warning, and it has prompted me to ask all economic and political sectors, especially the members of the financial system, to sign a basic pledge that will end a perverse policy: that of playing with the people's deposits in a sort of financial roulette [applause] that threatens essential institutions and damages our image of seriousness and honesty abroad.

The Banking Council, Superintendency of Banks, and other institutions linked to the system should eradicate the practice of making direct or surreptitious loans to members of the same banking group. [applause]

My administration will take the necessary initiatives to impose criminal and civil penalties on individuals responsible for fraudulent irregularities at this or any other credit institution. [applause]

We will do whatever is necessary to guarantee that account holders' funds will be returned to them and to ensure the promptest and most efficient attention possible for individuals who must use their deposits at the involved institution to meet their most urgent needs. [applause]

Although the terrible economic crisis and the alarming fiscal deficit are forcing us to take immediate action, we cannot overlook our priority duty to take care of social problems. Deteriorating living conditions are cause for deep concern among those who study the nation's situation. We feel it is our unavoidable duty to make sure that the people attain the greatest possible degree of happiness, as the liberator said in his Angostura speech. The number of families living in poverty and critical poverty has

increased in Latin America to such an extent that multilateral organizations like the World Bank and the IDB [Inter-American Development Bank] have begun to place priority status on fighting poverty. The administration that the Venezuelan people elected to govern them in these crucial years cannot overlook that fact. I hope the institutions I have mentioned will give us valuable assistance in facing this serious problem.

Real wages have deteriorated to a large extent. The current minimum wage was established more than two years ago, years in which the economy suffered the onslaught of inflation and currency devaluation. That is why I intend to raise significantly minimum wage and the present food and transportation benefits, all within the framework of law. [applause]

Turning shantytowns into neighborhoods where people can live humane and dignified lives will be a fundamental concern of my administration. Water is a necessity everywhere. In shantytowns, however, the water shortage forces people not only to use water sparingly but to pay for it at prices incompatible with their modest incomes. I know the fiscal situation stands in the way of making good on this solemn pledge, but we will do everything possible and even impossible to honor my government's concern in this respect. Steps will begin to be taken immediately to solve the problem.

Venezuelan society has experienced many changes in the past few years, both in its behavior and living conditions. The application of economic measures without taking society into consideration has exacted a huge price, hence the habit of speaking out and resorting to demonstrations on a daily basis. The practice of registering complaints has played a major role in the political events of the five-year term that has just ended. People who rightly feel that they are victims of injustices and who cannot find a way to correct them vent their anger through demonstrations. I am willing to respect the institution of registering complaints. I will issue strict orders that every responsible complaint be investigated immediately and the results of the investigation reported in due time. As for demonstrations, I hope that a culture of demonstrations will lead us to endorse peaceful demonstrations and prevent provocateurs, who only seek to encourage violence, from infiltrating them. I hope this will also lead authorities to find sure methods to protect and assist protesters without endangering their lives and personal safety. [applause]

The country requires a government that governs. It requires an authority that can restore order within the law. I am determined to give the country such a government. [applause] I will place special emphasis on tackling the deterioration of public services, particularly those dealing with personal security, health, and education. The safety of homes, people, and property has deteriorated to an unacceptable degree. The health and education levels do not befit democratic Venezuela's degree of development.

These matters, for which the national, state, and municipal governments share responsibility, demand understanding, support, and the participation of the communities.

Decentralization cannot be seen as the shattering of the nation, and it cannot lead to burdening the municipalities with the defects of the central administration. The central administration must be exemplary in pointing out the course of an integral effort.

The task of bringing the education process up to date; of encouraging research, science, and technology; of searching for joint solutions to finance higher education; and of multiplying the ways of preparing people to work, especially the young people from poor sectors, will be tackled by the national government, which expects firm cooperation from governors and mayors. Without them it would be very difficult to take on this task.

Everyone's contribution is necessary to resolve the problems that aggravate everybody. I urge public employees to work with love and understanding to cooperate in the services reorganization task. I am sure that many will respond to this appeal. I have not made any bureaucratic assignment pacts. They are harmful to the country. [applause]

The national situation has given us big tasks. Viable development in the south demands coordinated activities to carry out projects with the cooperation of the national and regional governments, the armed forces, and academic and research organizations.

We must not delay in giving our immediate attention to a vast region of our territory that has been forsaken and left exposed to plundering by national and foreign adventurers who have caused irreversible damage to the economy and to the ethnic groups living there. In what used to be called Saudi Venezuela—because of the splendor of the oil-produced bolivares—there could have been no interest in what 20 years ago was known as the conquest of the south. [applause]

The urgency of the changes we need to undertake must, of necessity, begin with a constitutional reform. This is an urgent task and a fascinating challenge for the Congress of the Republic. Expert constitutionalists believe it will be possible to reform the Constitution this year as long as there is a consensus and the support of the popular vote. The main guidelines already exist: the participation of the people through four forms of referendum; reforming the Executive Branch and considering the possibility of having a prime minister; reforming the Legislative Branch and establishing, among other things, voting according to one's conscience; reforming the administration of justice; establishing a new system for electing and removing justices; and reforming the political parties based on strict guidelines that will insure the reforms.

These reforms would be the first step in the commitment to solidarity, which should include a generational solidarity agreement.

Constitutional reform must be accompanied by reforming and downsizing [redimensionamiento] the state to enhance the public administration's efficiency, which is functioning with difficulty in structures that are inappropriate to the present time and our needs.

We are anticipating great events in our country. Our trust in our country and our faith in ourselves must be reborn! The people have not lost hope! Our obligation is to strengthen their hope through continuous contact with them. Venezuelans have risen to the occasion every time they have suddenly had to face huge obstacles.

A great writer from Merida, Mariano Picon-Salas, said that the 20th Century began in Venezuela in 1936. I think we should work hard so we can also say that in Venezuela the 21st Century began on 5 December 1993! [applause]

Everyone's solidarity and work is necessary to make this happen. Everyone must make sacrifices, and everyone must make a commitment of solidarity.

The great crisis we have endured must turn out to be an opportunity for a new beginning, new horizons, new hope, and new life. If the confusion of our economic life, the problems in the administration of justice and public services, and the closing of participative channels have prompted growing social tensions, a culture of protest, and a tendency toward personal escapism—indeed, if Venezuela appears to be a house divided—all peaceful solutions to our problems must be sought hand-in-hand in solidarity. As Pope John Paul II said, solidarity is the firm and persevering determination to work for the common good—namely, the good of each and everyone so we can all be responsible for one another.

The government whose presidency I am assuming today will be guided at all times by the resolute pursuit of that solidity, and this will enable the government to act as a guide and catalyst in the nation's reconstruction process. This will allow society as a united whole to mobilize its own resources to resolve urgent structural problems.

I am assuming the Presidency of the Republic again thanks to the popular vote. After a long life of struggle, I am doing so with the experience of my own mistakes, my unyielding determination to serve, and the day-to-day lessons of love for Venezuela. I know my country well. I know about its agonies and suffering, but I also know about the capacity of its people, their adherence to democratic values, and the incredible tenacity of their hopes.

Overwhelmed by difficulties, Venezuela is listening today to the question that was made to the liberator on his deathbed: General, what are you going to do now? Like Bolivar, Venezuela must respond to this question with a single word: Win! [applause]

With God's help, with the solidarity of all sectors of national life, with the enthusiasm and vision of youth, and with the entire heart of the people, we will make this crisis a chance for better days ahead, a time of affirmation, and a time of advancement in the life of the Republic. This will permit us to advance into the 21st century. Will we be able to accomplish this? We have no choice. Senators and Deputies, we must win, and, indeed, we will win. [applause]

Caldera Swears-In New Cabinet

PA0202195994 Paris AFP in Spanish 1723 GMT 2 Feb 94

[Text] Caracas, 2 Feb (AFP)—Venezuelan President Rafael Caldera swore in his new cabinet at 1645 GMT today as his last official act of ascension to power.

Caldera, 78, was sworn-in mid-morning as the eighth president Venezuela's current democratic period in the Congress building located in Caracas' historic center. After taking office and addressing the nation, Caldera laid a wreath in the National Cemetery at the tomb of Liberator Simon Bolivar. Following this act, Caldera went to the Miraflores Presidential Palace, where he began his duties. Once installed, he swore-in his new ministers.

At 1635 GMT, the ministerial appointment decrees were read, which Caldera signed 10 minutes later, before swearing-in the ministers. Caldera made official the appointments of nearly all of his new ministers Monday night. Pending are only the culture minister and the president of Venezuelan Guayana Corporation (CVG), which covers basic nonoil resources (steel, aluminum, bauxite, hydroelectricity, and precious minerals). Following is the new Venezuelan ministerial team:

Formal Ministries

Interior—Ramon Escovar Salom

Foreign Affairs—Miguel Angel Burelli Rivas

Finance—Julio Sosa Rodriguez

Defense—General Rafaem Angel Moreno Revette

Development—Luis Carlos Palacios

Education—Antonio Luis Cardenas

Health and Social Welfare—Vicente Perez Davila

Agriculture and Livestock—Ciro Anez Fonseca

Labor—Juan Nepomuceno Garrido

Justice—Ruben Creixems

Energy and Mines—Edwin Jose Arrieta

Urban Development—Ciro Zaa

Family—Mercedes Pulido de Briceno

Secretriat of the Presidency—Andres Caldera

Environment and Natural Resources—Roberto Perez Lecuna

Ministers Without Portfolios

Central Information Office—Guillermo Alvarez Ba[illegible]s

Economic Reform (new)—Asdrubal Baptista

State Decentralization (existing)—Jose Guillermo Andueza

Youth (new)—Pilar Iribarren

Higher Education, Science and Technology (new)—Guido Arnal Arroyo

Exceptional (new)—Pompeyo Marquez

Tourist Corporation (new)—Hernan Luis Soriano

Venezuelan Investment Fund (existing)—Abdon Vivas Teran

Foreign Investment Institute (existing)—Alberto Poleto

The president also swore in new Caracas Governor Asdrubal Aguiar (since four years ago, the rest of the governors are elected in their respective jurisdictions).

Announces Liberation of Coupist Soldiers

PA0202194494 Madrid EFE in Spanish 1912 GMT 2 Feb 94

[Text] Caracas, 2 Feb (EFE)—Today, Venezuelan President Rafael Caldera announced the soldiers who participated in the two Venezuelan 1992 coup attempts will be freed.

Caldera made this announcement after assuming his post as eighth constitutional president of Venezuela in a special ceremony held at the Venezuelan Congress.

The veteran politician, who is 78 years old, said the coupist soldiers who are still under arrest, 124 of them, will be released in a legal way that will not create tensions in the Armed Forces.

President Delivers State of Nation Speech

PA0202020594 Caracas Radio and Television Networks in Spanish 1415 GMT 28 Jan 94

[State of the Nation Address by Venezuelan President Ramon J. Velasquez at the National Congress in Caracas—live]

[Text] Honorable National Congress President; Honorable National Congress Vice President; Honorable Supreme Court of Justice Magistrates; Mr. Supreme Electoral Council President; His Eminence Cardinal Jose Ali Lebrum, archbishop of Caracas; Mr. Attorney General of the Republic; Mr. Presidents and Magistrates of the Judiciary Council; former Presidents of the Republic; former Presidents of the Government Council; Ministers of the Executive Cabinet; Honorable Federal District Governor; Honorable State Governors; Honorable Comptroller General of the Republic; Honorable District Attorney General of the Republic; His Excellency Nuncio and Papal Representative; Honorable Ambassadors; Honorable Charges d'Affaires; Representatives of International Organizations; Honorable Senators and National Congress Deputies; Honorable Metropolitan Mayors; Officers, Generals, Admirals, Members of the Military High Command; National Academy Presidents and Directors; National University Presidents; Honorable Bishops and Archbishops; Executive Office Director General; Presidents of State Autonomous Institutions and Corporations; Media Representatives; Special Guests; Ladies and Gentlemen: I come here today to address you as part of my duties, but at the same time I am here today to express my satisfaction.

Seven months ago the Constitution imposed a duty on me, which I swore to honor. That is why I am here today to present a state of the nation address as well as a report on the Executive Branch's performance during the period that I was responsible for directing the nation. This feeling of satisfaction overwhelms me. I feel it just as if I were an ordinary citizen. In a few days time I will return to be an average citizen and the same type of person I tried not to stray away from during these past months when I became aware that I would be part of the institutional succession mechanism. In saying this, in no way am I trying to diminish the position's importance or my personal responsibility. However, I seek to highlight how Venezuela was able to confront a crisis of historical dimensions and was able to defeat it by implementing, through an exceptional effort, mechanisms that ensured that governmental changes would take place in a peaceful and orderly manner, such as in societies with a more mature democracies.

My administration developed as a result of that effort and from that endorsement. In addition, normal democratic elections were possible as a result of that effort. Also as a result of that same effort and endorsement, my government was able to fully carry out the duties imposed by the nation. In a few days it will be my honor to place the presidential sash across the chest of Dr. Rafael Caldera, an illustrious Venezuelan, an expert in guiding the Republic, and a man unquestionably anointed by the people's vote. His experience and his popular anointment make me feel at peace in handing over the mandate. The Republic was not lost by my hands, and I pass over the command certain that Dr. Rafael Caldera will say the same when his mandate concludes.

The origin of my mandate, which differs from those of presidents who succeeded one another since 1959, gives this ceremony a nature that goes beyond simple institutional routine. Amid dramatic circumstances and dangerous general confusion, the Legislative Branch chose one of its own—me—to honor and gave him the historic responsibility of taking over the Executive Branch for the remainder of the constitutional period that started in February 1989.

Today I have come before the congressmen elected for the 1994-99 five-year period, and this appearance symbolizes the ability of Venezuelan democracy to face a crisis and to build its future.

This is why I will not just thank those who as representatives of the nation and functioning in the midst of the most serious institutional conflict our democracy has every faced, placed their trust in a man who had never requested or sought to occupy—under very special circumstances—the presidency.

This is a thing of the past. It could be seen as a personal expression of gratitude I have to add, because this deals with the future, that I am certain, and I hope the country is too, that with the installation of the new parliament and

the forthcoming presidential inauguration we will be taking a giant step toward the consolidation of Venezuela's institutions.

This is not a more or less official expression of optimism or a rhetorical statement. I know that in very important sectors of the nation there still exist the huge crisis factors that produced my brief government period. My government came to power under circumstances that obstructed its work from the very beginning. The start of an administration would have to be difficult if it did not have the two keystones that give strength to governments in democratic countries: the indisputable strength of an election victory and the backing that party support provides for daily influence of public opinion. Not only this, my administration emerged in a context capable of making not only the government, but also the state, appear weak.

Other factors were to appear during this brief and unique presidential period. These factors were against the traditional appearance of presidential authority. On the one hand, the image of the Executive Branch had changed because state governors are now being elected directly; and on the other, the privatization of the big public enterprises had taken from the president a traditional source of power. At the same time, there were social demands that could not be met quickly because a treasury deficit created difficulties and problems could not be resolved or commitments could not be fulfilled as quickly and as easily as before.

In addition there was the unrest that prevailed in the country following the February 1992 events and as a result of the institutional crisis of June 1993. In addition, there was the new economic situation, the daily deterioration of the family budget, and the state of hopelessness in the middle class.

During the past few months, all this resulted in continuous observations about the frailty of the new government, the small probabilities of the government lasting until the November elections, and the paralyzing and anguishing expectation about what could happen at any moment.

The continuous consultations we held with all the sectors of the national community and in all regions showed us, better than polls, the reasons for absenteeism or electoral indifference among a significant group of Venezuelans. It appeared that democracy was going to succumb. New military rebellions were feared, immediate strikes in important sectors were expected.

After a succession of partial strikes a date was set for a general strike in the public sector. This, in effect, would have spurred unpredictable consequences for the December elections. Incidentally, I would like to clear up something now. Those union demands did not respond to goals derived from the people's needs. They were, as I said at that time, fair aspirations but not feasible due to the serious fiscal crisis and the growing Treasury deficit.

In addition, the country was appalled by the terrorist threats that were perceived as a product of diverse conspiracies. I would be lying if I said that my government, even since its beginning, lacked total institutional or national support. I was able to count on the initial support of the Parliament, the support of the nation's Armed Forces, and the support of the Catholic Church. These stimulated our determination to progress on the road to transition because we perceived that our goal to listen to demands and to hear positions from all the nation's sectors and regions were more than heard, they received satisfactory solutions.

The government I led was initiated with demands from political sectors and the written press to make significant changes. Most of these demands were in reference to scrapping an economic program that the Congress had recently approved through a series of legislative laws. Since the beginning I warned that I was not a miracle worker, that I was a public servant. I understood at that time that my government's main objectives were, as they could not be otherwise, to reestablish public peace by putting an emphasis on dialogue instead of repression, to persist in negotiations to resolve and restructure labor demands, to rehabilitate—to the extent possible—public finances to prevent a halt in the payrolls before December and thereby assure administrative continuity, and to revive faith in the elections.

I believe that any judgment passed on the brief, but intense administration that I have headed, should be based on the explicit objectives that I was given. It was too short a term to carry out significant programs in state organization, but was a term committed to respond to the demands and risks of the national emergency. Democratic will prevailed in the end and in the 1993 electoral scenario the public presence of all the existing Venezuelan political organizations of the nineties surfaced.

The final acceptance of the election results meant the end of the most serious stage of the crisis that shook the nation. This has allowed us to put an end to doubts and tensions, thereby opening the road to a new chapter in our history.

These statements should not be taken as an assertion that now that the elections are over we live in the best possible world. This would be an attempt to hide the concern resulting from election abstention registered in official statistics. This is of particular concern when it involves the younger Venezuelan generation.

Both the willingness expressed by those who cast their votes and the willingness not to vote, given their equal force, make up a puzzling and difficult situation in our history. The puzzling situation we are experiencing is that the possible solutions entail important changes in the very system adopted by our democracy to alleviate backwardness and injustice. This is because more than 30 years have gone by since an experience without precedent in Venezuelan history was initiated. This took place at a time when there was a small population, a manageable fiscal situation, absence of large social demands, and political participation in a stage of clearly defined dimensions.

That situation disappeared and gave way to another reality whose development is traumatic and unpredictable. As with any beginning, this new period we are facing is

characterized by the urgent demands of the new Venezuelan society, and, therefore, a redistribution of power is required. No dictatorship would have endured the kind of crises that our democracy has endured in the past three years.

I do not want you to think that what I will now say is the product of some sort of professional or intellectual distortion stemming from my passion for history that prompts me to yield to the joy of making comparisons. I have had the privilege of experiencing two major crises in our democratic system, and in both of them the circumstances placed me in the very eye of the hurricane. I was a protagonist and a witness at the same time, as a public man and as interpreter of history: The first time, I served as secretary general of the Presidency of the Republic beginning in 1959, and the second time I served as president of the Republic.

This has allowed me to monitor closely and experience not only the events, but also to see their hidden sides. This has allowed me to recall—and I am recalling this before you—that we are not experiencing an unknown situation and that during the first five years of the democratic period—in the early 1960's—the country was rocked by a deep crisis as a result of national changes and world developments—as is the case with the current crisis—that caused serious political conflicts.

In those years, there were numerous military insurgencies, terrorist actions, and guerrilla activity fostered by the enthusiasm generated Fidel Castro's triumph in Cuba and by a fiscal and economic crisis that forced the government to adopt special measures.

Despite the seriousness of the events of that five-year period, they were met by a national community that had not long ago come out of a decade of dictatorship to which it did not wish to return. That is why this national community thought it had found a cure for all of its evils in that new political period.

Behind that backdrop there was determination to persist in democracy and liberty, and this was reflected in the establishment of a political pact by which the most powerful political parties, despite their differences and without disclaiming that disputes existed among them, managed to unite to face conflicts that situations of this sort always provoke, but at that time they appeared to be so new and unprecedented.

That collective will and that political pact brought three decades of stability to the democratic system and the changes in our society and the opening of the political system—with all of their faults and inconsistencies—have been achieved through institutional means.

That pact is virtually nonexistent today, and we do not yet have another one to replace it. The country has changed significantly in all areas. These significant transformations could have affected its political life in the recent elections. Dr. Rafael Caldera enjoyed the support of a group outside the traditional majority parties, and at Congress there is now a balance of four and not only two coordinated groups.

The democratic model mentioned in the Constitution and the pact that strengthened it have become limited, while civilian awareness and the people's participation in the continuous exercise of democracy have matured. The people no longer comprise a more or less passive body that is only evident at election time. Rather, the population now is the direct promoter of public activity, as well as a not very reverential critic.

This is why we cannot postpone decentralization, the development of the electoral system, promotion of greater democratization of parties and unions, drastic reduction in government size, and fostering complete honesty in administrative and judicial procedures. This profound change coincides, and not by chance, with a weakening of the protectionist, profit-oriented [rentista], and inward-growing model based on petroleum and of a spendthrift state that ended up pouring on that complex process of transformations the fuel of inflation, deterioration of services, and insecurity.

Though these may be growing pains, which when handled in an enlightened fashion may lead us to higher stages of development and higher levels of life, it has not been easy to make people understand the need to establish an austere system—not a patronage system—based instead on productive work. The excessive custodianship of the state and the unproductivity hidden by massive official aid have been ruinous practices that have structurally weakened the treasury and tend to give the deficit a chronic nature.

The worrisome events of February 1989, as well as those that took place in February and November 1992, are manifestations that, although unusual, brought to light before the December elections the major changes many of us had foreseen—seen through the naked eye, without pessimistic considerations. Those threats that seemed a thing of the past in our political life may prove beneficial to democracy, with all the violence in which they took place. If we succeed in understanding them, they add pressing reasons for the need for a national consensus to change.

The process of decentralization. That process of in-depth political change that has been taking place in the country has been fundamentally manifested in the direct election of governors and mayors since 1989. That political event—no doubt the most important in our democratic history since the introduction of universal and direct suffrage to elect our representatives in 1947—falling within the framework of the state reform proposals I was honored to promote in the Presidential Commission for State Reform in late 1988, has set the stage for a new era, one of an democratic but also decentralized and participative state.

The decentralization policy of my administration stems from my conviction that thanks to this process, the experienced political change has occurred in a democratic

manner. The real modifications that have taken place in the political state will begin to be felt in the constitutional period that is beginning.

Aware of the irreversible presence of this consensus for institutional transformation, I imprinted on the decentralization process during the months of my mandate all the momentum possible as the democratic tool of the inevitable political evolution. I appointed a state minister for decentralization to guide this process on behalf of the government, to propose the necessary political and government decisions, and to establish new grounds for the intergovernmental relations the new state required, where the government of the Republic is not merely the national government but is a government together with the state and municipal governments, as part of a public, single, and overall public authority that is no longer vertical, but constitutionally distributed in a horizontal manner in the territory of the Republic.

The decentralization charter of 1989. During my months in office, this law was implemented and complemented through regulations I issued through the Council of Ministers. The bases were established for the process of transferring national jurisdiction and services to states and municipalities, and mechanisms were regulated in a smooth manner to advance the necessary intergovernmental relations between the national, state, and municipal authority bodies. The creation of the Territorial Government Council, National Mayors' Council, and the Council of Government for metropolitan Caracas stemmed from there.

By the same token, agreements were signed with five states transferring public health services. We signed another agreement on care for children and senior citizens. In addition, the national and state organizations signed many agreements to relieve clogging of services.

Urgent fiscal action. The implementation of deficit budgets in the past few years reached a critical point in the second half of 1993, coinciding with my government. Doubts were raised concerning the possibility of adequately repaying domestic and foreign obligations, including the payment of the public administration's payroll and year-end special remunerations. Several solutions to the fiscal problem were carefully studied within the short time available. In view of the impossibility of significantly cutting expenses, the government resorted to establishing taxes on the nonoil sector. This was feasible, considering the low fiscal pressure on this sector. Consequently, and by way of congressional authorization, I issued decree-laws at ministerial council meetings, which established value-added taxes [VAT] and taxes on corporation assets. Other decrees enforced the new Banking Law, the Fiscal Stamp Law, and the Judicial Tariff Law.

One of the VAT's characteristics, among others, is its immediate and easy collection. Its destiny now depends on what this sovereign Congress may decide. The tax on enterprises' assets is, more than anything else, a means for preventing income tax evasion.

Meanwhile, the taxes stipulated by laws to reform the Fiscal Stamps Law and Judicial Tariff Law were updated and fine-tuned. Efficiently and on a short-term basis, the new taxes not only provided resources to meet urgent fiscal needs, but they also decisively contributed to the placement of securities issued in 1992 and 1993—securities which had seen little acceptance. Late in 1993, it became possible to place those securities because investors realized the Venezuelan Government would be in a better position to pay its obligations. On a mid-term basis, and in addition to helping correct the fiscal deficit, this placement can ease the refinancing of the debt by resulting in better fiscal control, an essential condition to meet this objective.

In the area of expenditures, numerous allocations were declared nonfeasible. This made it possible to finance greater priority needs. These additional resources were used to complete the financing of the electoral process and the Republic Plan, meet the state universities' requests, create a single compensation bonus, and raise salaries according to collective contracts. The public budget already runs in the millions, while fiscal revenue sources have not yet been diversified. Expenditures exceeded fiscal revenues during 1992 and 1993. The corresponding deficit materialized in payment orders worth more than 180 billion bolivares. The tremendous nature of the fiscal crisis and the shortness of my term made it impossible to tackle this problem fully.

The budget approved for 1994 is based on estimated general revenues that proved unrealistic as soon as the weakness of the international oil market determined a drop in both sales volume and the price of our oil. To top it off, a large portion of the special revenues anticipated for the complementary financing of this budget also proved unrealistic. All of this makes us expect another worrisome fiscal deficit. The new leaders of the nation must urgently find in-depth solutions and new and dependable sources of income, while, at the same time, finding areas where public expenditures can be reduced and other budget credit requirements are met. These leaders must carry out an dauntless fiscal reorganization based on modern tax schemes and resource-utilization plans which might correct the downturn that has taken place in the recent past.

The Task Accomplished

I want to emphasize the task accomplished during the short and conflicting duration of the administration I presided over by those who accompanied me in the government tasks. In the work done in different sectors, they did not show any interest other than serving Venezuela. They knew they could not count on the support of any parties, and they were aware of the great responsibility of the government they formed.

Public order was maintained and relations with all political sectors were maintained within an atmosphere of understanding, respect, and broad-mindedness. We fulfilled our international commitment and increased our leading presence in the Latin American economic integration process. We reached fundamental accords in the agricultural and auto manufacturing sectors. In terms of the health sector, we

worked enthusiastically, and this translated into standards that took into account the growth of demand, the definitive application of national law on this matter, and the demands for decentralization.

Concerning the areas of education, social work, and labor relations, we responded to demands with programs, notwithstanding the growing limitation of fiscal resources. The extensive report accompanying my message and the notes and reports of the ministers deal with these government administration aspects. The detailed presidential report is illustrated by numerous statistical figures that explain and complement the statements on this message on the state of the country.

Venezuelan Reflections

The fact that I can address you from the highest office in the Republic is a situation that cannot repeat itself. Therefore, I want to take this opportunity to make some final reflections on the future of Venezuela, the questions involving Venezuela's future, and the ways to solve problems I have learned throughout my participation in public life, which I realized during my short stay at the presidency. These reflections are aimed at contributing in a modest manner to examine the decisions that you, as representatives of a country needing the truth and solution, must make in these dramatic years.

Our contemporary history has centered on the state. During 70 years of this century and until recently, the center of disputes in society was the proximity of the state, given its role as great distributor of income. All social sectors approached this rich state, capable of enriching profusely, to enjoy its riches either legitimately or illegitimately. That state, which was the basis for the habits of the Venezuelan people, no longer exists. We have a state that is deeply in debt—a debt for which oil revenues are not enough—with multiple obligations that cannot be met in terms of services and social security by resorting to old ways and resources.

Petroleum, the source of so many supplies, is today also the source of our many constraints. Oil revenues are insufficient for society to live off of them, and in the future it is not more promising than it has been in the past 10 years.

We built a state that considered erroneously—as can be appreciated now—that the flow of oil revenues was constant, eternal, and unstoppable. When oil revenues decline and debt obligations become evident, the state enters a situation of insolvency, without being able to face its commitments. Today the state owes workers, contractors, and social institutions responsible for guaranteeing a minimum level of quality of life for Venezuelans in terms of health, education, housing, and transportation.

Venezuelan society has not yet understood this reality. Representatives of all national sectors continue to come to Miraflores Palace to demand compliance with real or supposed commitments. This is the cause for the deterioration of the governments. The fact of who is leading the country is not as important. When the hand is extended to the state and it does not give a prompt and satisfactory response, a sensation that the state is failing to meet its responsibilities sinks in.

The truth of the matter is that the state can no longer do things the old way. Never again. It is the duty of Venezuelan society, now as never before in its recent history, to set forth its own alternatives and meet its own needs through mechanism of its own. This does not mean the state will relinquish the role it must play in a society like ours. However, for this to happen, society itself must provide the resources that oil provided in the past.

There is no alternative. We must go—and we are doing this now—from a society that lives off its earnings to a productive society that can pay taxes and sustain the means that enable the state to fulfill its social functions. As we never tire of saying, the majority of Venezuelans do not understand or agree with this evident truth. The same ones who talk about state needs that are more reduced and operational and less interventionist, are the first ones to extend their hands to obtain the state's protection and resources the minute they face a problem or difficulty.

In another respect, the reforms package has limited the state's intervention capacity. Private entities and institutions were handed activities and powers that not long ago were the purview of the public sector. This is a signal of progress, but often, counter to what is being said, the state tries to intervene in activities that it left to the private sector. These contradictions are present in Venezuelan society, and they are the cause of many of the demands made on our depleted state.

The foreign debt burden is real. Between the foreign debt, the internal debt, the floating debt, and the unregistered debt, the pressure that exists on the Treasury makes it impossible to implement many projects and meet many expectations. Fiscal accounting has turned into a kind of fiscal sleight of hand in Venezuela. Meanwhile, corrective measures—many of them painful—meet the resistance of deeply rooted traditions as well as vested interests.

As long as there are no leaders with a clear awareness that their guidance must enlighten all Venezuelans on the new conditions, and as long as lawmakers do not accept that they must sacrifice the promises they made to correct the course, any effort to obtain fiscal resources will run up against the view that it will be misspent or provide raw material to corruption. This predicament is extremely perilous. It is not true that the leaders are corrupt or insensitive. The truth is, however, that the leaders do not speak clearly to the people of Venezuela. The failure to do that turns them into the first victims of the people's rage, because decisions are made without clarity. When they become difficult, leaders seek to distance themselves from them so as not to lose popularity.

That is not the way to build a permanent leadership in a modern and strife-torn society. Minor victories can only barely be achieved, and they vanish when despair grows. Public services were the first casualty of state insolvency. The deterioration of public services dates back many years, since fiscal difficulties were first manifested in this

field. Many of our schools and health centers are run-down. Our network of roads and highways lacks proper maintenance. Our transportation system is vast but ineffective.

During the bonanza time, adequate maintenance was not provided because everything could be replaced by new projects or more money. We were unable to foster an awareness of maintenance. We lacked the mental clarity which would have allowed us to regard maintenance as a way to preserve the country's assets for lean times. Many projects are crumbling before our eyes .... [pauses] Many projects used to crumble before our eyes because we expected to replace them with others, when we should have learned to maintain them instead.

This is a cultural reality of the utmost importance. Social segments behave that way because they do not maintain what they have in their own personal lives but seek to replace them with new and costlier products.

Anyone who throws away a personal possession just because it has some minor damage cannot have a clear awareness of how to maintain public goods. People demand that the state eliminate the fiscal deficit, but often those who propose this desirable goal are the same ones who do not hesitate, even under the difficult situation we are experiencing, to pressure the state to increase its spending to resolve a problem. Those who on the one hand criticize increases in spending yet reject the government's actions to obtain more resources are the same people who on the other hand repeatedly demand the enforcement of actions that generate further spending. [applause] At the same time, we are facing just demands for pay increases, better social security, and programs to protect the most vulnerable segments of society. These demands lay permanent siege to the public resources, and the state can no longer face it. Administrative problems. Compounding all these conditions is another dramatic one: Public administration is practically useless. It was an adequate structure for managing a country of 10 million people with a budget that barely exceeded 10 billion bolivares almost 20 years ago. That same apparatus tried to manage a nation of 20 million people with a budget of over 1.2 trillion bolivares. That change of scale has turned public administration into a monster barely able to meet its obligations. The presidency of the Republic, regarded by the collective imagination as the center of power and favors, is a precarious management office upon which an unbending social pressure is exerted. We have a presidency that uses 19th century methods, but we need one that meets the needs of the 21st century. The president no longer has the power he once held. Society has become more complex. There has been progress in decentralization. New factors of social power have emerged. Citizens have their own means of administering themselves. Economic activity is taking a private course. The traditional government dues are disappearing. The people, however, view the presidency and the president as the deciding factor in all the country's benefits and ills. If this view of the president's actions does not change, it will be difficult for the head of state to be, beyond brief periods of hope, the representative who Venezuelans feel is always committed to their destiny. He will always have to do less than he promised, and the promises he keeps will always be thought of as limited, petty, and sometimes as undesirable. Under these circumstances, the president is a prisoner, but most of all he is a prisoner of himself if he hopes to carry out the things of which he dreamed and if he is regarded as a wizard who can resolve through magic [applause] everything that accounting does not allow him to do.

We cannot be pessimistic about Venezuela if we intend to do what must be done, but we must abandon all hope if an erroneous concept about a leader's role prevents us from courageously planning and doing what must be done. The only way to defeat the national belief that only a dictatorship allows the adoption of severe measures to reorganize the country is to prove that democracy is capable of doing it. There is no other option. Democracy cannot be a covert dictatorship, yet democracy cannot renounce changes that are determined by our times, even when these changes are difficult and costly.

Lasting leaderships are those that build things even when it may cost them a short-lived, evasive popularity, not those that seek to please. Trying to please without assuming the inherent responsibilities of leadership is the best way to destroy the people's faith in democracy because in the end citizens forget demagogic actions and only remember their personal experience in a disaster. However, the need for a serious rather than demagogic leadership cannot cast aside, hide, or deny that the crux of the Venezuelan crisis is the social issue.

The idea that economic growth in and of itself creates social welfare is not true. Economic growth is possible, but a concentration of wealth can also result in the growth of poverty within a society. The idea that all the state's efforts should be directed at maintaining economic variables at a specific rhythm of growth without meeting the people's basic needs is suicide for a democratic political regime, and it is also suicide for the economy and society.

The social problem is much more critical and urgent because the state's resources have been severely diminished. The social issue cannot be exclusively handled by the state based on its fiscal resources. Society as a whole must assume its responsibility toward less fortunate sectors. That means the business sector must be aware that its contribution toward solving the situation of poverty in the country is essential and unpostponable, because social pauperism renders personal wealth precarious.

It also means that labor unions and organizations must understand that a substantial portion of public resources must be destined for social programs and not so much to fulfill labor demands. That means, above all, that an organized civilian society must provide proof of its solidarity by sponsoring mechanisms that allow us to face more appropriately the catastrophic conditions created by poverty. To forget the poor is a form of forgetting democracy and economic progress in a regime of liberty and democracy. [applause]

A national agreement is essential to solving Venezuela's problems. This has not been a chance proposal. Instead, it is based on our conviction that only a broad agreement will allow us to overcome Venezuelan society's structural problems. Let us forget the idea that a man or a party will be capable of carrying out a project of that size or of facing the gigantic challenges of a modern Venezuela. Only an agreement based on various opinions around a nucleus of power will be able to achieve this. This is a mandatory provision, and above all it necessitates the willingness to recognize the fact that retaliation or the annihilation of an adversary will only lead to the collapse of the Republic.

We have faced bitter times in Venezuela. There were elite leaders who did not feel the country shake under their feet in 1858. Leaders of that time vented their cruelty on one another and abandoned the idea of an agreement. This ignited the fuse and civil war broke out. The same thing happened in 1947 and 1948. Each one believed he was right in his own way and the result was a ferocious 10-year dictatorship.

We have time to learn from those examples, but we do not have too much time—the country cannot wait too long. This year must be the year of a national agreement to guarantee the survival of democracy and its social achievements. First, an agreement must signify the acceptance that all groups which make up our society can and deserve to participate. The groundwork for an agreement is undermined when someone tries to exclude someone else. [applause] The pretension of judging who can or cannot participate leads to a chain of exclusions that pulverizes any possibility of achieving an agreement.

Second, the agreement must have an unequivocal and sound democratic basis. We cannot accept the cynical idea expressed by a German thinker, who said democracy was accepted to achieve power, but once power was achieved, it was a matter that only pertained to the group that achieved it and it did not imply a commitment. That position is political suicide if not voluntary manslaughter. [applause]

Third, the national agreement cannot be reached through an endless chain of social demands that would render it futile. No one can believe all his demands will be part of an agreement because it would be rendered null if everyone's behavior were similar. We are dealing with basic issues, and the national emergency demands that we take these and no others into consideration.

State reforms must be the core of the agreement. These reforms have not started...[pauses] these reforms have started and they have resulted in essential achievements for society, but pending tasks are so important that they are unpostponable. The constitutional reforms are a key element of this process. These do not involve all the changes that may be sought in this area, only those which manage to create a platform for the irreversible modernization of the state and the nation.

President-elect Dr. Rafael Caldera has placed special emphasis on this issue and the State Commission for Reforms can be an efficient conduit for drafting proposals. Reforms of the central administration and the presidency of the Republic represent essential elements for a strategic settlement like the one that has been proposed. It is necessary to turn the government structure, above all its center, into an efficient instrument to fulfill the immense tasks that the Venezuelan state currently faces.

The presidency of the Republic must be a privileged target of this transformation so the head of state can have the appropriate instruments to formulate, carry out, evaluate, and control the implementation of the policy adopted by the government for each specific sector.

Decentralization is another issue that demands a serious dedication to the tasks resulting from a national agreement. This process is changing the situation in Venezuela, but despite all the efforts made since the election of governors and mayors, it is still misunderstood by many national leaders as well as by many regional leaders. This is a dangerous misunderstanding, and its neglect may lead to serious dangers for the Republic.

Citizen senators, citizen deputies, these are some of the issues that may become the groundwork for a long-term national agreement without which Venezuela's future is in danger. The idea is not to cause alarm, only to tell the country the truth at this hour, this conflictive hour, this dramatic hour—because therein lies the solution. [applause]

Caldera on Economy, Relations With Army

BR0202154594 Paris LE MONDE in French 2 Feb 94 p 6

[Report on interview with Venezuelan President Caldera by Marcel Niedergang in Caracas; date not given: "'Fight Against Poverty Is Number One Priority,' President Caldera Told Us"]

[Text] Caracas—Rafael Caldera, elected to the post of president last December, although without a majority in parliament, is to assume the role of head of state for the second time in his career on Wednesday 2 February—he was president before from 1969 to 1974—and he does not underestimate the challenges that await him. In an interview he granted us he set as his prime objective the fight against poverty, while promising a policy of economic austerity .

The leading crude oil power in Latin America, Venezuela has reached rock bottom. The state, up to its ears in debt and wholly disorganized, is now bankrupt with an estimated budget deficit of $6 billion. In four years, the dollar exchange rate has leapt from 38 to 108 bolivares, representing a serious de facto devaluation. Interest rates have risen from 12 percent to 70 percent. The recent collapse of the country's second largest bank, the Banco Latino, has forced thousands of anguished small investors out onto the streets of the capital and continues to threaten the whole financial system. The fall in the price of a crude oil barrel ($12) on the international market is a cruel blow for an economy that is already faltering. The growth rate was negative in 1993. According to experts, the spectacular

growth rates recorded between 1990 and 1992 (7 percent on average) were mainly due to the very high interest rates and inflows of "dirty" money from Colombia, Panama, and the Cayman Islands—drug money.

Corruption is widespread and there is growing insecurity—with 50 deaths every weekend in Caracas—while the public administration is bloated and inefficient. Rafael Caldera, 78 years old, has inherited a country traumatized by the economic crisis and the two attempted military coups in 1992. The specter of a putsch still hovers and the dismissal of Defense Minister Admiral Radarnes Munoz has added to the concern. Certain military coup leaders were recently freed by the interim government of Ramon J. Velasquez. Colonel Chavez, however, leader of the uprising on February 1992, is still imprisoned. The question remains whether he too should be freed.

'Free Chavez'

"Without doubt he should," said Mr. Caldera. "The majority of the population wants him to be released. Peace will come to the country if we take this step. Everywhere during my electoral campaign I heard this popular appeal—free the military rebels. As president I have the right to do this. I hope this decision will be accepted by all of the Armed Forces." The move risks being denounced by the generals, while the army has taken an increasing hold over public affairs since 1992. "That is as may be," Caldera replied dryly, "but I also believe that everyone accepts the need to reestablish the predominance of civil power."

It is said that in September 1993 Washington again discouraged senior Venezuelan army officers who had gone to the United States to sound out the Clinton administration on "possible renewed military intervention in their country." Caracas diplomatic circles confirm that there is a very strong, even "insistent," North American "presence" in the Venezuelan capital.

The new president stated: "The United States knows that our democracy has the value of being a test and a symbol for the whole of Latin America. It attaches a lot of importance to that fact. Moreover, the recent incidents in Argentina and Mexico—the Chiapas revolution—and the uprisings in our prisons are all warning signs of the constant risks of social explosion south of the Rio Grande. For this reason, I am convinced more than ever that our number one priority must be the fight against poverty and marginalization. We must revise and amend an economic policy that is too radical. This is one of the causes of the general malaise. You can see the same thing in Russia and in eastern Europe."

'We Are No Longer a Country of Independent Means'

Explain, negotiate, and convince, in Venezuela and abroad: Mr. Caldera's team has already started talks to renegotiate the debt (of which in theory only 10 percent can be rescheduled). The president stated: "Of course, but there are special mechanisms, not least because the crude oil market plays a key role in the structure of our debt. The World Bank has assured me of its comprehension and the international financial institutions know that we are in a serious situation. The Clinton administration knows it too. We must save our democracy and I have high hopes."

Mr. Caldera considers that oil will for a long time remain the key motor of the Venezuelan economy, even though he is determined to favor a diversification of the source of foreign income which at the moment is too dependent on fluctuations in oil prices. "For a long time we were the Saudi Arabia of Latin America, but we are not any more. Previous governments speculated on a regular rise in the price of crude and dreamed of $50 per barrel. As a result, our budget has increased by a factor of 100 in 20 years. During my first term of office I was able to revalue the bolivar. Now, our currency is weakening all the time, and in 1993 we had inflation of 40 percent. Society must accept that we are no longer a country of independent means and that frantic speculation has done a lot of harm to our country."

How can Venezuela find urgently-needed resources and make up the budget deficit? Mr. Caldera is a prisoner of his own electoral promises—which he says he intends to honor—but the commitments are specific. The Velasquez government decreed a 10-percent VAT [value-added tax] rate which recently sparked street riots throughout the country. The fear of another "caracazo" (the bloody uprising of February 1989 caused by modest hikes in public transport fares) is at the back of everyone's mind. Can Mr. Caldera perform an economic U-turn and cancel the Perez government's austerity plan of 1989? In any case, this is what the main sectors of society are expecting.

The president pointed out: "Almost all the elements of the 1989 plan can be changed. Some things were right, such as the elimination of preferential exchange rates which were a source of corruption. We have to revise everything in a pragmatic way. I announced a policy of austerity and the government must lead by example. The presidential running costs will be cut by 30 percent. VAT, an unfair tax, must be canceled." VAT has already been suspended by the outgoing government in response to street demonstrations, and has been replaced by income tax.

The problem is how to make people pay taxes in a country where this "custom" is more or less unheard of. Mr. Caldera does not pretend the difficulty does not exist, but at least he wants to try. "That will require very severe measures. We have started living in a protest culture. While VAT has become a symbol, even a taboo, the same is also true for petrol. It is almost impossible to touch it. However, public opinion must accept that price rises are inevitable. The sacrifices made will be sweetened by the compensations to be had. There again, this is a long-term task. After the attempted coup of February 1992, Carlos Andres Perez announced to Congress that everything was going to change. He was applauded just once—when he said that the price of petrol would not go up."

People say that Mr. Caldera is an authoritarian: "I do not think that is true. I am capable of changing my mind. If I am right, however, then I vigorously defend my point of view. I have acquired a false reputation: People have

confused firmness with pride. Here there is a considerable risk that things could get out of control. I cannot promise miracles or prompt radical changes, except where assistance to the underprivileged is concerned.

Government's Insolvency Blamed on Foreign, Social Debts

PA0202153294 Caracas EL DIARIO DE CARACAS in Spanish 27 Jan 94 p 2

[Commentary by D.B.U.: "The Debt With the Middle Class"]

[Text] On 25 January, President Ramon J. Velasquez conceded that the Venezuelan Government's insolvency is due to a "huge foreign debt," as well as to an "even greater social debt, which cannot wait."

According to Velasquez, the social debt is pending with 48 percent of Venezuelans living in extreme poverty and whose incomes fail to cover the price of essential goods. Aside from this, the current situation is that the government's social debt also affects the middle class, which has been hard-hit constantly since "the government for the poor" made everyone poor. This is the way we have felt since that tragic Black Friday.

Since that time, and in a sustained manner, the "middle class," which does not receive any food stamps or other state subsidies, is becoming ever smaller. The middle class only has a salary, from which growing amounts are being deducted for taxes, social security, and the housing fund without receiving any benefits in exchange.

The Venezuelan "middle class" is one that does not illegally hook its homes into the electric power grid but, rather, pays its entire bill, including monthly "adjustments," and accordingly, the bills for other services—if they work—such as water, gas, telephone, and garbage collection, which also have extra charges.

The middle class comprises those Venezuelans who can no longer afford a car, not only because a car is now as costly as a luxury home used to be, but also because they cannot pay for insurance to protect themselves from a very high theft risk. It includes those who had to stop dreaming about owning a decent home of their own because they had to give up their hopes for credit because of rising interest rates. The middle class also includes those who this year will have to forget about providing a better future for their children because they have no access to private schools or private medical attention, needless to say a well-balanced diet.

The middle class also comprises those who today, in addition to witnessing a decline in their purchasing power, must face losing their savings if they had an account with Banco Latino or are afraid of losing them if the crisis spreads to other institutions.

The middle class comprises professionals, technicians, and office clerks who, regardless of having a professional background, see their hopes disintegrating.

Venezuelan society was always an open society where, with work and effort, the poor had the hope of becoming a member of the middle class. Leaving the shack was an achievable goal. Currently, the poor feel as though they will never leave the shack, while the middle class feels increasingly pushed toward the shack.

The middle class builds the country. In Venezuela, these builders are being destroyed. It is important that the national leadership and, especially the new government, understand that that social debt is much greater, and that it cannot be paid with petty grants or food stamps. The solution to this problem lies in an open and valiant fight against inflation, which is impossible without a deficit reduction.

Executive To Establish Data Base To Fight Money Laundering

PA0202192594 Caracas Venezolana de Television Network in Spanish 2350 GMT 27 Jan 94

[From "The News" newscast]

[Text] (Sonia Ciambatti), former magistrate of the Supreme Court of Justice, said that the Executive Branch, through the Central Bank of Venezuela, will begin operating a data base that will allow the detection and neutralization of money transfers linked to drug-trafficking activities that are coming into the country from overseas. (Ciambatti) made the announcement within the framework of a conference in Caracas on U.S. experiences in fighting money laundering in the United States.

If money laundering is not eradicated, it is capable of spilling over and harming the financial system of a nation, because people involved in money laundering take advantage of the system for their own benefit. According to (Ciambatti), Venezuela has acquired international tools, such as the Vienna Convention and the standard regulations on the legitimization of capital, that enable a country to fight the crime. Establishing the proposed data base, therefore, will be a smooth process.

[Begin (Ciambatti) recording, in progress] ... so there is a check to allow only banking transfers and economic situations that are entirely legal and which benefit the country and to keep Venezuela from becoming a center of operations for international drug-trafficking activities. [end recording]

Guyana

Jagan Commits To Protect Indigenous People, Environment

FL0102162194 Bridgetown CANA in English 1535 GMT 1 Feb 94

[Text] Georgetown, Guyana, 1 Feb, CANA—Guyana's president, Dr. Cheddi Jagan, has stated his government's commitment to good environmental development and respecting the rights of indigenous people.

Jagan was responding to an "open letter" and press statement circulated here last week by the Amerindian Peoples Association, which is linked to the Guyana Human Rights Association.

The "open letter" to the just-concluded World Bank Advisory Group meeting in Guyana bore the names of representatives of several regional and international organisations. It urged a freezing of aid to the country.

It said that this became important as new logging concessions, likely to be granted by the government, could affect the "Wai Wai" Amerindian tribe.

However, the meeting of the Caribbean Group for Economic Co-operation and Development (CGECD) apparently ignored the letter.

It concluded with firm commitments of 320 million US dollars in new economic aid for Guyana for the 1994-96 period, some 70 US dollars million in excess of what was originally anticipated.

President Jagan said: "Aid donors and the governments providing aid to Guyana are quite aware of our policies and will not be side-tracked by anti-national groups and elements."

He told CANA it was "sad that well-meaning regional and international organisations that signed the "open letter" in good faith, did not seek to first better inform themselves about our policies".

"They would have found how much they were being misled by people here with their own negative agendas about our plans and commitment on environmental issues as well as ensuring the rights of the indigenous people," he added.

Jagan said that "very shortly" his government, which has a Ministry of Amerindian Affairs, would be organising a special conference of Amerindian representatives to deal with "the misrepresentations and mischief being promoted by those with their own selfish and opportunistic agendas."

He described the APA as "a front group for well-known opponents of this government", saying it was "not really representative of the broad mass of indigenous peoples."

The president also attacked the opposition People's National Congress, which had also called last week on the World Bank meeting to withhold any aid for the government unless it agrees to steer clear of the Marxist/Leninist ideology and end racial alleged discrimination.

Jagan said the PNC was "anti-national", engaging in what he termed "baseless accusations designed to undermine the best interest of Guyana."

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